



Daily Report

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Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Li Peng Stance Against Nuclear Proliferation

OW0104134991 Beijing XINHUA in English
1327 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Chinese Premier Li Peng today reiterated that China will not practice nuclear-proliferation and is against the proliferation of nuclear weapons by any other country.

Li made the remark in a meeting with Director-General Hans Blix of the International Atomic Energy Agency (IAEA), who is here on a four-day working visit as a guest of Jiang Xinxiong, general manager of the China National Nuclear Corporation.

On the issue of non-proliferation of nuclear weapons, Li said China's position is clear-cut, that is, "China won't practice nuclear proliferation. Meanwhile, we are against the proliferation of nuclear weapons by any other country." A Chinese official quoted Li as saying, "in nuclear energy co-operation with foreign partners, we always adopt a cautious and responsible attitude, and have drawn up corresponding policies."

Li, describing China's co-operation with the IAEA as "useful", said China has gained "warm support and help" from the agency since China joined it in 1984.

On China's energy industry, Li said China has abundant hydraulic power and coal resources. Therefore, for some time in the future the country's energy industry will still put stress on the development of hydro and coal resources, with nuclear-power only a supplement.

In developing nuclear power in the next decade, Li said, China will focus on accumulating experience in operation, training of technical personnel and raising the level of localization of facilities and equipment.

China pays great attention to safety in undertaking nuclear power projects, he said. The construction of the Qinshan and Daya Bay Nuclear Power Stations is proceeding well, he said.

In the area of peaceful use of nuclear energy, China will continue to further its friendly co-operation with the IAEA in the future, the Chinese premier said.

Blix described the IAEA's co-operation with China as "very good." He said China's experience in peacefully utilizing nuclear energy is useful for other developing countries.

Now, he said, more and more countries are coming to realize the importance of nuclear energy as an alternative energy source and becoming optimistic about the prospects for nuclear power.

Editorial on Diplomacy for Coming Decade

HK0104150091 Hong Kong WEN WEI PO in Chinese
27 Mar 91 p 2

[Editorial: "Look Into World Situation in Coming Decade, Make Diplomatic Arrangements"]

[Text] In Premier Li Peng's "Report on the 10-Year Program and the Eighth Five-Year Plan" submitted to at the Fourth Session of the Seventh National People's Congress, he devoted a space in approximately 6,000 characters to analyze the current international situation and project the world current in the coming 10 years, and set forth the principle and tasks for foreign affairs from now on.

Presently, great changes have taken place in the world situation, while China is facing a new opportunity as well as severe challenges. How do the Chinese top echelon study and weigh the situation in formulating their diplomatic decisionmaking? This is a most eye-catching issue for all Chinese at home and overseas who show concern for China's situation.

In analyzing the situation, Premier Li Peng stated: Unpredictable great changes took place in the world situation in the first year of the 1990's, with the old world pattern lasting 40-some years broken, while a new pattern has not surfaced. Over the past year, U.S.-Soviet relations have relaxed, with military confrontation weakening, and a trend of a multipolar world has surfaced. These changes are pleasing; however, severe facts have shown that peace on earth is not on the horizon; peace and hope in the world people's yearning continue to face severe challenges. Hegemonism and power politics continue to develop. Some political, economic, and national contradictions that used to be covered have become conspicuous, while the dislocation of balance in forces has given rise to new contradictions, and the North-South gap in wealth has widened. The coming 10 years will be a decade of turbulent changes in the world situation, and a crucial historical stage in which mankind enters the 21st century. The Chinese Government, as always, will exert efforts to create a peaceful international environment that favors China's modernization and to develop friendly and cooperative relations with all countries.

In which direction will the world develop in the coming 10 years? The Chinese top echelon conclude in their analysis: 1) The world wants peace; 2) mankind wants development; and 3) the times advance in the direction favoring the people.

The entire conception of China's diplomatic strategy starts from the cause of world peace and economic development. Only when world peace is maintained will it favor China's four modernizations, while reinvigorating the economy and the four modernizations are the core of all work for the Chinese people. Here are the interests of the entire nation and the people's will.

Thus, China's diplomacy must serve the goal of its four modernizations, win more friends and develop bilateral economic relations and trade to acquire a better external environment that favors China's undertakings of reform and opening to the world, and give play to all positive factors. The pursuit of four modernizations would be out of the question if we refrain from opening; nor will it be possible if we fail to develop good-neighborly relations and unite with nations that treat us on an equal footing.

Premier Li Peng talked at length in summarizing China's accomplishments in developing good-neighborliness in a significant way with our neighboring countries. There must be some work foci in China's diplomacy. Such foci are encouraging good-neighborliness with our neighboring countries, cultivating peaceful and friendly borders, and augmenting economic cooperation. In the wake of his analysis of the sound diplomatic situation in China's relations with Korea, Burma, the ASEAN countries, Pakistan, India, Bangladesh, and Sri Lanka, he also mentioned relations with the USSR and stressed nonintervention in each other's affairs, showing respect for other people's choices, and strictly abiding by the Sino-Soviet Joint Communiqué.

Li Peng placed the development of friendly and cooperative relations with Japan in a rather eminent place. Japan is an Asian country, and China's friendly neighbor. In the coming 10 years, there is an increasingly greater possibility for Asian countries to build a region of economic cooperation to deal with the situation characterized by competition between international economic alliances. Sino-Japanese cooperation is advantageous to China's economic development and a great impetus to Asian stability and economic renovation as well.

Regarding China's cooperation with the EEC and West Europe, Li Peng pointed out that much can be accomplished in Sino-West European economic and technological cooperation when China conducts large-scale economic construction in the coming 10 years.

China attaches importance to Sino-U.S. relations; however, there is worry in their relations, and the MFN [most-favored nation] issue remains a hurdle.

The world continues to pay attention to the development in the international political and economic order. China requires setting up two "new orders," while opposing hegemonism and power politics. The two "new orders" combine to form an entity, complementing each other. All countries, be they big or small, poor or wealthy, powerful or weak, should participate in and negotiate world affairs on an equal footing, while setting up a fair and reasonable economic order based on equality, mutual benefits, and exchange of equal value. No country should seek hegemony, suppress or bully a smaller, weaker, or poorer country. Some people believe that from now on "the world has become unipolar," and regard themselves as king of kings, dominating the world. This naturally does not fall in line with the will of the USSR, Europe, and Japan and other industrial countries nor with the requirements of the Third World countries.

China adheres to peaceful foreign policy characterized by independence and taking the initiatives in its own hands, making friends with all countries, uniting all forces of peace so China may occupy the most favorable diplomatic strategic position, and play an important role in a multipolar world, which also favors the entire world peace and development, while making due contributions to mankind.

Editorial Views Leader's Foreign Policy Outlook

HK0204060391 Hong Kong TA KUNG PAO in Chinese
30 Mar 91 p 2

[Editorial: "International New Order and China's Diplomacy"]

[Text] State Council Premier Li Peng's report to the current National People's Congress session on the outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development had a rather lengthy part on the international situation and China's foreign policy. On 27 March, Foreign Minister Qian Qichen also answered a series of the latest questions raised by Chinese and foreign reporters on the world situation and China's foreign policy at a news conference. To sum up, it is necessary to notice the challenges and risks the world is facing and also the peace opportunities and the strong desire and force of the peoples in the world to safeguard peace, thus holding a firm conviction that no matter what events and changes occur in the world, the historical trend of peace and development will be irresistible.

The reporters mainly asked Foreign Minister Qian Qichen questions about Sino-U.S., Sino-British, and Sino-Soviet relations before and after the Gulf war, about China's policy toward the Middle East, and about China's relations with the Third World. Although there were certain changes in the situation of these countries, China's foreign policy has consistently adhered to the principles of noninterference in other's internal affairs and peaceful coexistence when dealing with state-to-state relations, and China still firmly believes that as long as these principles are observed by the international community, world peace will be guaranteed.

At present, all nations in the world are deeply concerned about the Soviet Union's domestic situation and the ongoing serious political rivalry in Moscow. China's position on the Soviet issue is that China hopes the Soviet Union will keep a stable situation at home and its reform will succeed. As for Sino-Soviet relations, because China and the Soviet Union are adjacent to each other and share a frontier as long as 7,000 kilometers, maintaining normal relations between the two countries and developing good-neighborly relations and friendship is of great significance for both sides. As for the question of how to build one's own country, China stresses that the two countries should not interfere in each other's internal affairs and should respect the selection made by each other's people.

Western reporters noted that since last February, a number of senior Soviet party and government officials, including Ivashko, CPSU Central Committee deputy secretary, and Maslyukov, Soviet deputy prime minister, had visited China and that Bessmertnykh, the new Soviet foreign minister, and Katushev, minister of foreign economic relations, would also visit China soon. In addition, the Soviet Air Force recently gave an air show in Beijing. So some Western reporters thought that there would be new developments in Sino-Soviet relations, and even conjectured that China and the Soviet Union would restore their "honeymoon" relations. This was just a superficial assessment of China's diplomatic tendency, and a correct conclusion could not be reached as the principle of China's diplomacy was neglected.

The cease-fire in the Gulf has been realized for a full month. Kuwait is making painstaking efforts for its reconstruction, while Iraq is bogged down in a bloody civil war. The Gulf war has brought about tremendous changes in the Middle East's political map. This region remains far from peace. The international peace conference will not be held in the foreseeable future. Israel still refuses to withdraw from the occupied areas, and even refuses to return the Golan Heights to Syria. China holds that after the end of the Gulf war, in order to realize long-lasting peace in the Middle East, the regional issues should be fairly and reasonably solved through the holding of an international conference at the earliest possible date. The root cause of the Mideast's unrest and turmoil over the past more than 40 years is that the Palestinian people cannot establish their own state, and the crux of the trouble lies in Israel. So it can be said that the Middle East crisis still exists.

After the Gulf war ended, U.S. influence and power were greatly boosted; however, the Soviet Union was plagued by its domestic political and economic crises, and its national strength was greatly weakened by nationality turbulences. The East European countries were also facing domestic unrest caused by economic crises or were bogged down in the mire of national division. The Third World had to bear increasing debt burdens and was facing greater difficulties. The advanced industrial countries were calling for the establishment of a new world order. Some people said that there used to be two superpowers, but there is only one—the United States.

In view of the fact that the United States' high technology gained the upper hand throughout the Gulf war, some people think that the United States will play a role as "world police" more frequently in the future.

China's opinion is: During the transition from the old world pattern to a new one, the basic contents of the international new order should be: All nations have the right to independently select their own development road and their own social, political, and economic systems according to their own national conditions; and no country, especially a big country, can interfere in other countries' internal affairs and impose its own values, ideology, and development mode. International affairs

should be solved through consultations with the participation of all nations on an equal footing, and should not be monopolized by one or several big powers.

China also holds that the unfair and unequal international economic order must also be changed. Many poor countries are now facing the pressure caused by a series of urgent problems, such as heavy debts, worsening trade conditions, and the outflow of funds. The developed countries are obliged to improve the international economic environment and especially relieve the poor countries from debt oppression.

China has been praised by many countries for its adherence to the five principles of peaceful coexistence and its attitude toward the Gulf crisis. China's relations with the Southeast Asian countries have entered the better-than-even condition; China's relations with Western Europe are being restored; and China is also developing economic cooperation with Eastern Europe. Facts in the past more than one year have shown that China's diplomacy is making new achievements.

In the 1990's, China will develop friendly and cooperative relations with the United States, Japan, Europe, and other countries in line with the above-mentioned principles, and will realize the "one country, two systems" concept. China firmly believes that through continuous efforts of the people in all countries, the peace force will be further consolidated.

Postwar Gulf Security Arrangements Viewed

HK3103073691 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 12, 25 Mar 91 p 30

["Special Dispatch" by Zhou Zexin (0719 0463 9515) from Cairo: "Envisaged Arrangements for Postwar Security in the Gulf and Problems Involved"]

[Text] After the war in the Gulf ended, the foreign ministers of Egypt, Syria, and the six countries of the Gulf Cooperation Council held a meeting in Damascus to discuss the plans for the postwar security arrangements. The Arab coordination and cooperation declaration published after the meeting announced that the eight countries will carry out full-scale cooperation in the security, political, and economic aspects in order to ensure the postwar security and stability in the Gulf.

The declaration stipulated that the signatory countries will engage themselves in the Arab joint action with "new spirit," and will establish "fraternal Arab cooperation" and a "new Arab order" according to the principles of respecting each other's sovereignty and territorial integrity, settling disputes in a peaceful way, and not interfering in other countries' internal affairs. In the aspect of political cooperation, the declaration stressed that the holding of an international Mideast peace conference under the sponsorship of the United Nations is an appropriate way to terminate Israel's occupation of the Arab territories and to restore the national rights of

the Palestinian people. In the aspect of security cooperation, the declaration stated that the signatory states will respect the Arab Joint Defense Treaty and the Arab Economic Cooperation Agreement and will organize a peacekeeping force with Egypt and Syria as the "core" in order to safeguard peace and stability in the Gulf. It also proposed that a nuclear-free zone be set up in the Mideast, and the genocidal weapons, especially nuclear weapons, be destroyed on a big scale. In the aspect of economic and cultural cooperation, the signatory countries decided to reinforce the foundation for economic cooperation and expand the scope of economic and scientific research cooperation. They also welcomed other Arab nations which are willing to accept these principles and goals to join the cooperation plans.

From 10 to 11 March, leaders of the five Arab nations in Maghreb also held a meeting. They stressed that in the process of postwar reconstruction and development in the Gulf, they will strengthen unity with the people of Iraq and Kuwait. They asked the UN Security Council to lift the embargo against Iraq, and called on respecting all Arab nations' independence and maintaining the principles and objectives of the Arab alliance. They also called on Arab nations to take joint action to lay a solid foundation for the realization of the Arab world's unity and progress in the future. The meeting also stressed the position of supporting the Palestinian people's uprisings.

In fact, during the seven-month Gulf crisis, many countries began to consider the issue of how to establish the "new order in the Middle East." As soon as the Gulf war came to an end, U.S. President Bush put forward a "framework for establishing peace" in the Gulf and in the Mideast. He frankly admitted that the U.S. interests were dependent on the Gulf's stability and security and announced that the United States was facing "challenges" in four aspects, namely, the security arrangements in the Mideast, the control over the proliferation of genocidal weapons in the Mideast, the intensification of economic cooperation, and the continuing efforts to seek solutions for the Arab-Israeli disputes and the Lebanese issue. Therefore, the United States sent Secretary of State Baker to visit Saudi Arabia, Kuwait, Egypt, Israel, and Syria. The EC countries also took an active part in these affairs, and many foreign ministers successively visited the relevant Arab countries and Israel in the past few days to exchange opinions with leaders of these countries on the postwar arrangements.

At present, there are only some frameworks for the postwar arrangements, and some factors that affect the arrangements remain uncertain. According to the press, issues in the postwar arrangements under discussion are mainly as following:

First, the issue of establishing a new security system in the Mideast.

In this regard, the United States stressed the need to "jointly make the security arrangements" with its Arab allies, with the Soviet Union and Iran being excluded.

Proceeding from its own interests, the United States accepted the idea of the Arab allies about setting up the Arab peacekeeping troops; however, the United States should play the main part in the concrete arrangements. For example, the United States will increase military presence in the Gulf by "maintaining a naval force with fighting capacity"; the U.S. ground force will not be stationed on the Arab Peninsula, but will hold joint ground and air military exercises there; it is possible that a certain quantity of combat planes will be deployed in Saudi Arabia and other Gulf countries.

The Gulf security framework put forward by Egypt, Syria, and the six Gulf countries is somewhat different from that of the United States. Saudi Arabia agrees to set up a permanent Arab force. Egypt actively strives to make itself a leading force in the postwar arrangements and explicitly holds that security in the Arab region should mainly be arranged by the Arab countries in this region and should not be imposed by the external forces. It is opposed to the establishment of a system similar to the Baghdad Pact in the 1950's.

Iran, Turkey, and Jordan were not content with such arrangements and strongly demanded that the U.S. troops be withdrawn from the Gulf after the end of the war. The Iranian leaders openly denounced the Mideast security arrangements that excluding Iran as something "with defects." The United States warned Iran against "interfering in Iraq's internal affairs," and this showed that the United States was still deeply worried about the impact of the "Islamic revolution."

Second, settling the Arab-Israeli conflicts and solving the Palestinian issue.

This can be regarded as the most complicated and most difficult issue in the postwar arrangements. Throughout the Gulf crisis, Iraq insisted that the settlement of the Gulf crisis be linked to the Palestinian issue, and criticized the United States for its "dual standards" for the Gulf crisis and the Palestinian issue. In order to change its image in the minds of the Arab nations, the U.S. Government held that "Middle East peace must be established fully on the basis of the UN Security Council Resolution 242 and Resolution 338 and on the basis of the principle of exchanging land for peace," as soon as the Gulf war came to an end. The Arab countries welcomed this position, and also hoped that the U.S. Government would persistently uphold this position and would take concrete action to strive for its realization. The United States seemed to change its effort from promoting Israel-Palestinian talks to prompting direct peace talks between Israel and the Arab allies, especially Syria. Because the PLO supported Saddam Husayn during the Gulf crisis, the United States decided not to restore contacts with the PLO for the time being. At the same time, the United States held that it was still not the time for holding a UN-sponsored international conference on Mideast peace.

On the other hand, the Arab countries insisted that the international conference on Mideast peace be held under the sponsorship of the United Nations with the participation of the five UN Security Council permanent members and all relevant countries. Because Israel exercised restraint during the Gulf war, it gained economic and military benefit and won political sympathy as well from the United States. So it kept a tough stance on the Palestinian issue. Israeli Prime Minister Shamir still insisted on Israel's 1989 position on discussing the scheme for Palestinian self-government in the occupied territories, refusing to exchange land for peace, refusing to hold talks with the PLO, and not accepting the international Mideast peace conference.

Observers here hold that the Arab-Israel conflicts and the Palestinian issue will become more salient in a certain period to come; however, as this issue is rather complicated and there remain substantial differences in the positions of various sides, after being discussed warmly for some time, it is very likely that this issue will remain unsettled.

Third, the issue of arms control.

At present, this is an important issue in the postwar arrangements, but it is never easy to make any arrangements for arms control. The Gulf war has proved that military force remains a major factor for handling international relations. The Gulf crisis deepened the contradictions and the antagonism between various Mideast countries, and some small and weak countries such as Kuwait will set greater store on defense construction in order to cope with possible aggression.

The Gulf war also broke the strategic equilibrium between Israel and the Arab countries. The United States has provided advanced weapons for Israel as rewards for the latter. The Arab-Israeli conflicts will not be settled in the foreseeable future. Although the proliferation of some genocidal weapons may be brought under control, the trade of conventional weapons will still be intensively furthered.

In fact, when the United States proposed to control the armaments in the Mideast, its arms sales were still going on. The U.S. Government was planning to supply a batch of new weapons with a total value of \$18 billion for Saudi Arabia, the United Arab Emirates, Bahrain, Egypt, Israel, and Turkey. The value of arms sold to Saudi Arabia alone will reach \$10 billion. Israel will also obtain \$3 billion in military assistance from the United States. In addition, some European arms dealers will also try to make profits through selling arms to that region. Therefore, on the one hand, most countries supported the proposal to a certain degree on arms control; on the other hand, they were spending tens of billions of U.S. dollars to purchase arms. If there is not a treaty with strict binding force and if there is no fair solution for the political issues, it will be very hard to actually control the proliferation of arms.

Problems Seen in Restricting Arms Sales

HK0204113191 Hong Kong TA KUNG PAO in Chinese
30 Mar 90 p 4

["Special dispatch" by U.S.-based staff reporter Wang Renyun (3769 0088 5366): "It Is Not Easy To Restrict Middle East Arms"]

[Text] New York, 29 Mar—Reports say that the Bush administration has proposed a "new order" in the Middle East after the U.S.-Iraq war. Details of this "new order" will be decided after Bush's April visit to the Middle East, but according to what has been revealed, the main points of this proposal will include practicing arms restrictions in the Middle East and forming a collective security organization.

It seems that this "new order" will help ease tension in the Middle East; however, taking account of the history and present state of the Middle East region, it is still questionable whether the proposal on exercising arms restrictions and forming a collective security organization can be realized.

Suspecting and Distrusting Each Other

Viewed from the Israeli leaders' hard-line attitude, the Palestinian issue still remains difficult to resolve. There is little hope even for a smooth settlement of the Israeli-Syrian conflict over the Golan Heights. Apart from Israeli-Arab conflicts, Arab states have to guard against Iraq staging a comeback and take precautions against Syria's and Iran's ambitions. It is not easy to practice arms restrictions when they distrust each other. Members of the so-called collective security organization can only be Arab states in the Gulf region and Egypt; Syria is unlikely to join this organization; Iran and Iraq will be excluded. Any initiative to pull Israel into this organization will meet with strong opposition from Arab states. In a situation of confrontation and as long as Israel, Iran, and Iraq step up their armament, this "collective security organization" will think it necessary to raise its armament level. In addition, through the U.S.-Iraq war, Middle East countries have understood the importance of precision weapons. This will give rise to a large-scale arms upgrading competition.

Viewed from the angle of demand, Middle East countries will purchase a large amount of advanced conventional weapons; viewed from the angle of supply, France, the Soviet Union, Germany, and even Czechoslovakia and Brazil are willing to sell their weapons to Middle East countries. U.S. arms dealers object to imposing restrictions on arms sales to the Middle East on these grounds: If we do not sell, others will all the same! Arms restrictions in the Middle East require the cooperation of arms-exporting countries, but history has proved that Middle East countries can buy weapons as long as they have money. Even some measures of the Bush administration contradict arms restrictions in the Middle East. The following examples will explicitly explain this:

Arms Dealers' Interests

The Bush administration has demanded Congressional approval for U.S. import banks to provide guarantees for commercial bank loans for overseas buyers of U.S. weapons. The amount may be as much as \$1 billion.

Defense Secretary Cheney said that when the United States' Middle East allies are in danger, it will not restrict itself from selling its conventional weapons to them.

The United States is ready to sell 46 F-6 fighter planes and 188 improved Hawk air-defense missiles to Egypt; and 50 F-5 fighter planes to Israel. Saudi Arabia wishes to buy 1,000 armored vehicles (including new generation M-1 and A-2 tanks), a number of Patriot missiles, Apache helicopters, F-5 planes, and air-based radar warning equipment.

Therefore it is hard to believe that the United States intends to bring about arms restrictions in the Middle East. This is because the Bush administration will have to meet the "expectations" of those allies which supported the United States during the U.S.-Iraq war. Conversely, we should not rule out the possibility of the United States trying to strengthen its influence among its allies through arms sales. Pressure from U.S. arms dealers is one of the reasons that make the Bush administration allow arms sales to the Middle East. U.S. arms dealers such as General Dynamics, McDonnell Douglas, Lockheed, Northrop, and Kuhlman are good at peddling their ideas. The United States has reduced its military expenditure. If these arms dealers cannot get huge orders from abroad, many of their production lines will have to be stopped.

If I Do Not Sell, Others Will Sell All the Same

In the political and economic fields, there is still heavy pressure which will force the Bush administration to sell weapons to Middle East countries. Bush once expressed the hope of reducing arms sales to the Middle East but has never taken effective measures to weaken the flow of arms to this region. Instead he took the lead in selling a large amount of advanced conventional weapons to the Middle East. Under such circumstances, it is hard to imagine that other arms-exporting countries will be willing to limit their arms sales to the region, the reason being this: If we do not sell, the United States will sell all the same!

47th ESCAP Annual Session Opens in Seoul

OW0104105391 Beijing XINHUA in English
0835 GMT 1 Apr 91

[Text] Seoul, April 1 (XINHUA)—South Korean President No Tae-u, addressing the opening ceremony of a U.N. regional session here today, criticized the trends of protectionism and regional blocs in the world economy.

"Trends towards protectionism and regional blocs will constrict the world economy and hamper the economic development efforts not only of the developing countries

but of the developed countries as well," No said at the 47th session of the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP).

Delegates from 38 members and 10 associate members of ESCAP and representatives from various U.N. bodies and other international organizations, totalling about 1,000, attended the session. A Chinese delegation headed by Vice Foreign Minister Liu Huaqiu was present.

On the Korean Peninsula situation, No said that the relaxation of tension in the Korean Peninsula is one of the keys to enhance cooperation and stability in the Asia-Pacific region.

South Korea is seeking to realize a peaceful national unification by first improving exchanges and cooperation between the two sides, No said.

Industrial restructuring in Asia and the Pacific tops the agenda of the current session. The 10-day meeting will also discuss the impacts of the Gulf crisis on developing countries in the ESCAP region and the Uruguay round of multilateral trade negotiations.

In his message to the session, U.N. Secretary-General Javier Perez de Cuellar urged all the ESCAP members to help the peoples of Iraq and Kuwait to rebuild their homelands devastated by the Gulf war.

ESCAP, founded in 1947 in Shanghai, China, and now headquartered in Bangkok, Thailand, acts as a U.N. regional center executing a wide range of development programs through technical assistance, research, training and information and advisory services to the governments of the region.

Official Meets Delegation Heads

OW0204115191 Beijing XINHUA in English
1102 GMT 2 Apr 91

[Text] Seoul, April 2 (XINHUA)—Chinese Deputy Foreign Minister Liu Huaqiu met separately here today with the heads of delegations of three countries who were attending the 47th session of the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP).

Liu held talks with Kasem Kasemsri, minister of the Thai Prime Minister's Office, Subramaniam Swamy, Indian commerce minister, and Berenado Vunibobo, Fijian minister of trade and commerce.

During the meetings, the two sides exchanged views on regional cooperation and other issues. A senior member of the Chinese delegation said they reached identical views on all matters discussed.

This afternoon, Liu also met with the current chairman of the ESCAP session Yi Sang-ok. The two sides discussed matters related to the session.

ESCAP Executive Secretary S.A.M.S. Kibria met with Liu on Monday. They discussed regional cooperation, China's cooperation with ESCAP and other issues of common concern.

The 47th ESCAP session, which began on April 1, focused on the basic social and economic factors hindering the economic development of the region.

XINHUA Reports on Proceedings

OW0204101691 Beijing XINHUA in English
0845 GMT 2 Apr 91

[Text] Seoul, April 2 (XINHUA)—Some developing countries in the Asia-Pacific region called here today for a more comprehensive trading system which would be more responsive to their economic development.

They made the call at a plenary session on the second day of the 47th session of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

At the session, the heads of the Indian, Malaysian and Bangladeshi delegations also warned that no attempts to frame international rules for trade will be successful or acceptable if they fail to address problems of the developing countries adequately.

Indian delegation chief Subramaniam Swamy said the present world trade order is a system running against the interests of the developing countries. He urged that the Uruguay Round of multilateral trade negotiations be given an opportunity to alter the situation.

Swamy, who is also Indian commerce minister, said there is an urgent need for equity, particularly in respect of textiles, labor services and agriculture.

Saifur Rahman, leader of the Bangladeshi delegation and minister of finance and planning, told the plenum that the international economic environment is deteriorating considerably during the 1990s, notwithstanding the high hopes raised at the beginning of this year in the wake of a dramatic end of the Cold War.

Towards the end of 1990, the impact of the Gulf crisis was keenly felt by many countries of the region through a sudden rise in oil prices, falling remittances and disruption in exports, he said.

The least developed countries of the region are particularly concerned about the prospect of reduced resources inflows in future, he said, adding that their requirement for increased resources must be protected in order to enable them to carry forward their economic and social development programs.

He also urged that the Uruguay-Round negotiations be brought to a successful conclusion soon; otherwise protectionism, bilateralism and formation of trading blocks would gather momentum.

Syed Jaafar Albar, leader of the Malaysian delegation, said increasing protectionism and unfair competition

will adversely affect the economic development of the developing countries, the industrial sector in particular.

In order to strengthen the economic development of the developing countries, Malaysia called on all regional economies to establish effective and long-lasting cooperation among the countries in this region, and to enhance free trade and open markets.

All delegation chiefs voiced support for the ESCAP Secretariat to draft a plan of action for promoting industrial restructuring in the ESCAP region.

United States & Canada

Trade Official Sees No Barriers to U.S. Trade

HK0204045291 Beijing CHINA DAILY in English
2 Apr 91 p 2

[By staff reporter Xie Songxin]

[Text] A senior Chinese trade official said yesterday that China was not erecting barriers to U.S. exports, and that China was set to buy more from the U.S..

Sun Zhenyu, director general of the American and Oceanic Affairs Department of the Ministry of Foreign Economic Relations and Trade (Mofert), was referring to U.S. Trade Representative Carla Hills' criticism of China's import barriers in her 1991 report entitled "Foreign Trade Barriers," which was issued on Friday.

Statistics from the United States say the U.S. bought \$15.26 billion worth of goods from China in 1990.

Chinese customs, however, report that China exported products to the value of \$5.2 billion to the U.S. and imported \$6.6 billion worth of goods last year, leaving a deficit of \$1.4 billion.

Sun said China had not imposed special restrictions on imports from the U.S. despite the fact that it had accumulated a total deficit of \$37.3 billion in its trade with the U.S. since 1972.

He said the difference in the figures was the result of shipments to the U.S. of goods processed in China with raw materials supplied by companies from other countries and regions, including America.

These "exports" might have amounted to \$10 billion last year, said the director general.

He said manufacturers in Southeast Asia, Hong Kong, Taiwan and other countries and regions had supplied materials to Chinese processing plants.

The Chinese plants were not responsible for selling the finished products, and did not take a share of export earnings, he added.

Overseas shoe companies, for example, had plants in China and sold shoes to the U.S. via Hong Kong. A

number of U.S. shoe manufacturers did such business in China, Sun said, but declined to name the companies.

"These, in fact, are American products," Sun told China Daily.

The director general said China's imports from the U.S. had declined by 14.7 percent last year because of the economic retrenchment programme and a drop in domestic demand.

The country's total imports in 1990 were 17.3 percent down on the previous year, he said.

The fall in imports "is temporary, and the U.S. side should also be blamed partly," Sun said, adding that the Chinese government was willing to expand imports from the U.S..

"The Chinese market is open to American exporters, as it has been. But it is the responsibility of both governments to create a good economic and trade climate, and make American companies confident and competitive in China," he said.

The Chinese government was ready to strengthen contacts with U.S. trade officials to improve bilateral trade relations, he said. High-level government officials would be included in the efforts.

Sun said China was preparing a purchasing mission to the United States at an "appropriate time this year." China sent a similar delegation to the U.S. last autumn.

And Mofert had already asked Chinese import and export companies to source such commodities as grain, timber, chemical fertilizer, paper, paper pulp and planes on the U.S. market.

Li Lanqing Discusses MFN Status, Hong Kong

HK3103033091 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English
31 Mar 91 pp 1, 9

[By Chris Yeung in Beijing and Danny Gittings]

[Text] China's foreign trade minister has warned that Sino-U.S. relations would be damaged if Washington removed its Most Favoured Nation (MFN) trade status.

Minister of Foreign Economic Relations and Trade Mr Li Lanqing also warned such a move would seriously hurt Hong Kong.

His threat came as two U.S. congressmen told China it would need to take rapid steps to improve its human rights record if it wanted to keep its MFN trading status when it came up for renewal in the United States in June.

Speaking in Beijing yesterday, Mr Li said: "If MFN status to China is suspended, it will harm bilateral relations very seriously, especially economic and trade relations.

"It will seriously hurt Hong Kong, too, and that's the last thing we would like to see."

Mr Li called the MFN status "the cornerstone" of Sino-U.S. trade and said its suspension would have a severe impact on China's exports to the U.S.

"We hope the U.S. congressmen can look at the overall situation of developing bilateral relations, particularly economic relations, when considering the issue of MFN, and not allow nontrade factors to affect normal bilateral economic relations," Mr Li said at a news conference.

But the congressmen, who arrived in Hong Kong yesterday from talks with Chinese officials, said the renewal of China's MFN status would depend on its human rights record.

"The Persian Gulf situation is now over and the focus is going to come back (to China)," said Republican Congressman Mr Christopher Smith.

"The continuance of MFN in the 1990s will be largely conditioned on a true test of human rights adherence... the prospects for miscalculation by the Chinese Government are moderately high."

Mr Smith and fellow Republican Congressman Mr Frank Wolfe were passing through the territory after a three-day visit to the mainland where they took up human rights concerns with Chinese leaders, and had an hour-long meeting with Prime Minister Mr Li Peng.

They also met Shanghai Mayor Mr Zhu Rongji and, according to a congressional aide, saw the wife of a leading Chinese dissident.

Beijing normally refuses to discuss such issues with visiting foreigners, and analysts said their increasing readiness to do so suggests the leadership was concerned the U.S. Congress may revoke China's MFN status when it comes up for renewal in June.

Some U.S. legislators have urged U.S. President Mr George Bush to suspend China's MFN status to protest the recent closed-door trials of dissidents involved in the pro-democracy movement.

Mr Li urged other U.S. congressmen to visit China to "gain a better understanding of the situation" so that they can make more educated decisions concerning bilateral issues.

However, the visiting legislators said they told Chinese leaders the release of political detainees would boost their chances of MFN status being renewed.

"There is without question a window of opportunity that the Chinese now have to make the necessary reforms," said Mr Smith. "We said very clearly that an amnesty would greatly enhance the atmosphere within which our relationship could proceed."

And they said Mr Li had accepted a letter signed by 110 U.S. legislators, naming 77 political prisoners they wanted released, and promised the Chinese judiciary would look into the list.

All the names on the list are Protestant and Catholic church leaders arrested over the past few years.

The congressmen said they also tried to obtain information about other better-known detainees, but their requests were rebuffed.

Beijing refused to disclose the fate of the leader of the outlawed labour union Han Dongfang, who has been called China's Lech Walesa and was the most prominent dissident still awaiting trial.

Officials at Beijing's No. 1 prison—where 40 people arrested in connection with the Tiananmen massacre are still imprisoned—refused to disclose who they were holding, or let the congressmen meet prisoners.

But a congressional aide said the legislators had secured information on the fate of two Catholic detainees, previously thought to have been still under detention.

Officials of the state-run church in Shanghai said rebel Bishop John Yang Shundao had been released earlier this month, while fellow cleric, Bishop Julius Jia Zhiguo, had been released from house arrest.

—Meanwhile a U.S. senator who led last year's successful campaign in Congress to sharply raise immigration from Hong Kong will hold talks in the territory with the Governor, Sir David Wilson, on sensitive issues ranging from the brain drain and China's 1997 posture to the deportation of boat people.

Senator Paul Simon's Hong Kong trip from May 1-4 is being sponsored by the powerful Senate Foreign Relations Committee, of which he is a member.

Soviet Union

Reportage Covers Bessmertnykh's Visit to Beijing

Meets Li Peng, Jiang's Visit Stressed

OW0104172091 Beijing XINHUA Domestic Service
in Chinese 1421 GMT 1 Apr 91

[By reporter Chai Shikuan (2693 0013 1401)]

[Text] Beijing, 1 Apr (XINHUA)—Premier Li Peng said during his meeting with Soviet Foreign Minister A. Bessmertnykh at Zhongnanhai this afternoon: The Chinese party and Government attach great importance to General Secretary Jiang Zemin's forthcoming visit to the Soviet Union next month. [Beijing Domestic Service in Mandarin at 1030 GMT on 1 April quotes Li Peng as saying that Jiang Zemin's visit to the Soviet Union "will be of great significance."]

According to a Chinese official, Li Peng said during the meeting that Comrade Jiang Zemin is at the nucleus of the third generation of our leadership, and that his forthcoming visit will be to reciprocate President Gorbachev's visit to China in 1989.

Bessmertnykh said that the Soviet Union also attaches great importance to General Secretary Jiang Zemin's forthcoming visit. He conveyed a verbal message from Gorbachev to Chinese leaders concerning the further development of bilateral ties. Bessmertnykh said that Soviet leaders are satisfied that Sino-Soviet relations have embarked on the track of normal development. He said that Premier Li Peng's visit to the Soviet Union last year has promoted the growth of bilateral relations, and the Soviet side thanks China for offering a commodity loan not long ago.

Li Peng thanked President Gorbachev for the message. Briefing the visitor on the ongoing Fourth Session of the Seventh National People's Congress, Li said that the deputies are satisfied with the growth of Sino-Soviet ties. He said: The methods of building one's own country and the kind of road to take are matters which should be decided by the people of that country; however, the Chinese side is concerned about the situation in the Soviet Union, hoping that it will enjoy political stability, economic development, and national unity.

Li Peng said: The Chinese commodity loan to the Soviet Union is not big, but it is an expression of the Chinese people's traditional friendship toward the Soviet people. The Soviet Union provided China with assistance in the early years of New China. The difficulties facing the Soviet Union are temporary. With abundant natural resources, the overall strength of the Soviet Union remains quite strong. When the present difficulties are overcome, the Soviet Union will continue to play a role which is not to be ignored. The Chinese side believes that there is still the potential for the further growth of Sino-Soviet relations. A considerable complementarity exists between the two countries' economies, and this is determined by the structure of their resources and economy. Transportation facilities between the two countries are adequate. As long as the economic complementarity is fully tapped, the prospects for Sino-Soviet economic cooperation are very good.

Li Peng expressed his welcome to Foreign Minister Bessmertnykh's visit, and expressed the hope that the foreign ministers of the two countries will have more contacts.

Discussing the international situation, Li Peng said: The world is still confronted with many problems, although the Gulf war has ended. Now many people are talking about establishing a new world order. We believe that this new order should be based on the five principles of peaceful coexistence. The most important principle is noninterference in each other's internal affairs. Under this principle, the affairs of each country should be handled by the people of that country. In addition,

countries should promote economic cooperation and trade under the principle of equality and mutual benefit.

Present at the meeting were Chinese Foreign Minister Qian Qichen and high-ranking Soviet officials accompanying Foreign Minister Bessmertnykh on the visit.

Soviet Embassy Reportedly Comments

*HK0204065091 Hong Kong AFP in English
0633 GMT 2 Apr 91*

[Text] Beijing, April 2 (AFP)—Sino-Soviet relations took a "new step" with the visit here of Soviet Foreign Minister Alexander Bessmertnykh, the Soviet embassy said Tuesday.

The Soviet Union "is ready to make efforts to develop good neighborly relations and cooperation in all fields," the embassy's spokesman said in a statement.

Representatives of the two countries congratulated each other for making progress in negotiations on delineating and demilitarization of the 7,300 kilometre (4,526 mile) the Sino-Soviet border, the spokesman added.

They agreed "to activate the work on the question of mutual reduction of troops and the strengthening of mutual confidence in the military sphere" through future governmental levels talks in Moscow, the spokesman added. No date for the negotiations was given.

The border question, along with ideological issues, was a principal cause of strained relations between the two communist giants for the last 30 years.

As for the world situation, the Soviet spokesman said converging Soviet and Chinese views on "some problems create the opportunity for joint or parallel actions to search for (the resolution) of problems and to reduce international tension."

Talks between Mr Bessmertnykh and his Chinese hosts also covered the Gulf situation, the Middle East, Afghanistan, Cambodia, the Korean peninsula and the Asia-Pacific region, the spokesman said. Mr Bessmertnykh arrived Sunday and will leave later Tuesday.

Bessmertnykh 'Satisfied' With Visit

*OW0204112591 Beijing XINHUA in English
1045 GMT 2 Apr 91*

[Text] Beijing, April 2 (XINHUA)—Soviet Foreign Minister Aleksandr Bessmertnykh and his party left here for home by special plane this afternoon after a two-day working visit to China.

They were seen off at the airport by Chinese Vice-Minister of Foreign Affairs Tian Zengpei.

Prior to his departure, the Soviet foreign minister told reporters that he had "very cordial and productive talks" with Chinese Premier Li Peng and Foreign Minister Qian Qichen. He expressed his satisfaction with the visit.

This morning, the Soviet foreign minister and his party visited the Great Wall, the Forbidden City and the Temple of Heaven.

Soviet Deputy Foreign Minister Igor Alekseyevich Rogachev, who was accompanying the minister on the visit, is scheduled to leave for Japan tomorrow.

Column on Development of Sino-Soviet Relations

*HK0204063091 Hong Kong TA KUNG PAO in Chinese
2 Apr 91 p 2*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Continued Development of New Sino-Soviet Relations"]

[Text]

Vitality of New Sino-Soviet Relations

Chinese and Soviet Foreign Ministers Qian Qichen and Bessmertnykh yesterday held talks in Beijing. Diplomatic sources said that "in a friendly atmosphere, the two foreign ministers satisfactorily reviewed progress made in various fields of bilateral relations since normalization of Sino-Soviet relations and President Gorbachev's China visit two years ago." This reflects a good beginning for the talks.

In the 1990's, unprecedented changes are taking place in the postwar world situation. There will also be changes in Sino-Soviet relations along with changes in the world situation. Both countries are satisfied with their cooperation on the basis of equality since Gorbachev's China visit and the establishment of the new relations two years ago. Development has been achieved in the Sino-Soviet talks on the boundary issue and the issue of reducing troops along the boundaries. Economic and trade relations between the two sides have been markedly promoted. In 1991, foreign currencies have been used for the first time for quoting prices and settling accounts in Sino-Soviet trade instead of the previous barter trade. This indicates an important breakthrough in the economic and trade relations between the two countries.

Gorbachev Is Perplexed by Difficult Political and Economic Problems

There are serious domestic problems in the Soviet Union. Last winter and this spring, materials have been in short supply in various areas. For this reason, many countries have offered economic aid to the Soviet Union. Recently, China provided the Soviet Union with a commodity loan amounting to one billion Swiss francs to help it weather the economic crisis; however, the problem of nationality splits and the problem posed by having a small number of republics demanding to quit the union have continued to deteriorate. In addition, coal miners are continuing their general strike. These major political and economic problems continue to perplex Gorbachev and are seriously obstructing the

development of production. At this moment, the Sino-Soviet foreign ministers' talks, the CPC General Secretary Jiang Zemin's visit to the Soviet Union next month, and the development of Sino-Soviet relations have roused the attention of various countries.

The development of the situation in the Middle East since the Gulf war and U.S. Middle East policy will naturally affect the interests of other countries. In the past, the situation was characterized by contention between the United States and the Soviet Union in the Middle East. Now, however, the United States alone has control over the Middle East situation and the prestige of the Soviet Union is dropping. For this reason, there have been disputes within the Soviet Union over Gorbachev's recent diplomatic policy. Apart from the disintegration of the East European group, the three small Baltic republics are demanding independence. There are also some other nationality problems. Are these all unexpected changes to Gorbachev? This is a main subject to study for political commentators and analysts of the Soviet Union and other countries.

Political Situation Is Unstable, Reform Has Stagnated

People are paying attention to the fact that without the solution of the internal nationality problem and the problem of the separatist movements of a small number of Soviet republics, the political situation cannot be stabilized. Without a stable political situation, there will be greater disorder in society and neither the economy nor reform can develop. Although Gorbachev was supported by the majority of citizens in the recent vote, and the crisis of splitting the union was avoided, Yeltsin, chairman of the Russian Soviet Federated Socialist Republic, and other radical reformers are still setting themselves against Gorbachev and trying to force him down. It seems that Gorbachev can ride out the difficulties only if he is able to regain the support of the majority of citizens and the all-out support of the party, government, and army.

Gorbachev will visit Japan in April, hoping to improve relations. The key issue is how to return the four northern islands to Japan. This is another issue which can easily arouse disputes within the Soviet Union. A successful solution to this issue will help increase Gorbachev's prestige.

General Secretary Jiang Zemin of the CPC will visit the Soviet Union in May. This is also of great significance. The Soviet foreign minister said that the Soviet Union "attaches great importance to this visit." Jiang Zemin is a Chinese leader of the third generation. Topics for discussion will include the achievements of China's 10 years of reform, the political stability in China, China's reform and opening up, and the development of Sino-Soviet relations.

Radio Reports on Soviet Aviation Agreement

OW0204050491 *Beijing in Russian to the USSR*
1900 GMT 26 Mar 91

[Text] A new Chinese-Soviet agreement on cooperation in the field of civil aviation was signed in Beijing on the morning of 26 March. According to the new agreement, in addition to the three existing air routes, a new Shenyang-Irkutsk route will be opened between the PRC and the USSR. Both sides will engage in broad exchanges and cooperation in the field of air freight and civil aviation. The document was signed for their respective governments by Jiang Zhuping, chief of the PRC civil aviation administration, and Panyukov, USSR minister of civil aviation. The seven-man USSR civil aviation delegation headed by Panyukov has been in China on a friendly visit since 22 March.

Northeast Asia

Japan's Nakayama To Meet Li Peng, Qian Qichen

OW0204110291 *Beijing XINHUA in English*
1033 GMT 2 Apr 91

[Text] Tokyo, April 2 (XINHUA)—Japanese Foreign Minister Taro Nakayama will pay a three-day official visit to China from Friday to discuss with Chinese leaders international developments and bilateral relations, the cabinet decided today.

Nakayama will be the first Japanese foreign minister and the fourth Japanese cabinet minister to visit China since high-level visits between the two countries were suspended in June 1989.

During his visit, Nakayama is expected to hold talks with his Chinese counterpart Qian Qichen in Beijing on Saturday. He is also scheduled to meet with Premier Li Peng and other Chinese leaders, government sources said.

Nakayama will lay the groundwork for a planned visit to China by Japanese Prime Minister Toshiki Kaifu within the year, the sources said.

He will also meet with Cambodian resistance leader Prince Norodom Sihanouk in Beijing on Saturday to help promote the Cambodian peace process, the sources added.

Yang Shangkun Expresses Thanks for Japanese Fund

OW0204083891 *Beijing XINHUA in English*
0817 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—President Yang Shangkun met Ryoichi Sasakawa, chairman of the Japan Foundation for Shipbuilding Advancement, here today and thanked him for offering a fund of five million U.S. dollars for China's education development.

After the meeting, Sasakawa attended a signing ceremony for establishing the "Sasakawa Education Fund". Sasakawa and Vice-Minister of the State Education Commission He Dongchang signed an agreement on the fund.

The fund, offered to China's Beijing University, Fudan University, Nanjing University, Jilin University and Lanzhou University, is to financially aid M.A. and Ph.D. candidates of social sciences of the five universities.

State Councilor and Minister in charge of the State Education Commission Li Tieying attended the meeting and the ceremony.

Kaifu To Discuss Security, Trade With Bush

*OW0204114891 Beijing XINHUA in English
1051 GMT 2 Apr 91*

[Text] Tokyo, April 2 (XINHUA)—Japanese Prime Minister Toshiki Kaifu said today that Asia's stability will be high on the agenda of his upcoming summit meeting with U.S. President George Bush to be held in Newport Beach in California on April 4.

Kaifu told a meeting in Tokyo that "at a time when the world is going through dramatic transitions, it is important to strive for peace and stability in the Asia-Pacific region."

"I plan to discuss the future of our relations with the United States, which are important for peace in Asia," he added.

Kaifu will leave on Wednesday for the United States for talks with Bush.

According to reports reaching here, President Bush has planned to urge Japan to take prompt action in promoting the Uruguay Round multilateral trade talks.

Bush will seek to have such an action taken immediately after Japan's unified local elections later this month.

The Newport Beach summit will be the fifth meeting between Kaifu and Bush.

Hebei Builds Corporation With S. Korean Capital

*SK2903063391 Shijiazhuang HEBEI RIBAO
in Chinese 9 Mar 91 p 1*

[Text] A foundation stone-laying ceremony for the Jidongasaiyi international container corporation to be built with the investment provided jointly by the Cangzhou City chemical industrial and machinery plant and South Korea's ACE and Lucky Gold Star corporations

was held at the Cangzhou City chemical industrial and machinery plant on 5 March.

This is the largest container production project in China with a total investment of \$24 million. The corporation will be put into operation formally in January next year and will completely apply world advanced technologies and equipment. Upon its completion, the corporation will produce 24,000 standard containers, create \$70 million foreign exchange, and create \$11.50 million in profits and taxes annually; and will market all the products in international markets.

Present at the ceremony were Wang Min, former vice minister at the Ministry of Chemical Industry; Ye Liansong, executive vice governor of the provincial government; Guo Hongqi, vice governor of the provincial government; Zuo Renyun, vice chairman of the provincial People's Congress Standing Committee; and Du Jingyi, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference.

DPRK Official on Resumption of Talks

*OW2903023391 Beijing XINHUA in English
0207 GMT 29 Mar 91*

[Text] Pyongyang, March 28 (XINHUA)—An official of the Democratic People's Republic of Korea said here today the resumption of talks between the prime ministers of the North and the South depends on the attitude of the southern side.

Ho Hyok-pil, director of the secretariat of the Committee for the Peaceful Reunification of the Fatherland, made the statement at a press conference.

He said the direct cause of the disruption of the talks was the U.S.-South Korean "Team Spirit" military exercise.

In addition, South Korea adopted a wrong attitude in previous talks, rejecting the declaration of mutual non-aggression proposed by the northern side and turning a deaf ear to the northern side's suggestion on how to join the United Nations, he said.

Ho stated that it will be meaningless to resume the talks if South Korea refuses to change its attitude.

The high-level talks were disrupted last month after three meetings held between the two prime ministers.

National People's Congress

Chen Huanyou Comments on Four Modernizations

OW2903225191 Beijing XINHUA Domestic Service
in Chinese 2100 GMT 26 Mar 91

[Report by Central People's Broadcasting Station's Xu Chengzhong (1776 2052 1813), XINHUA RIBAO reporter Ma Jian (7456 0256), and XINHUA reporter Wu Jincai(0702 6930 2088)]

[Text] Beijing, 27 Mar (XINHUA)—Chen Huanyou, a deputy of the National People's Congress [NPC] and governor of Jiangsu Province, who heads an economically prominent province, was interviewed at Xiyuan Hotel where he has been staying. Drawing from his own experience, he observed that Premier Li Peng's report struck him as being realistic.

Chen Huanyou said: "Being realistic" is of foremost importance in economic work. Here, I do not mean to renounce any efforts trying to be the first; rather, I am stressing that more attention should be given to selecting specific areas in which we want to get ahead of others. Also, I do not mean to disregard output value; rather, I want to place more emphasis on realistic effectiveness in output value.

The reporters were puzzled. Jiangsu has been leading the country in many economic indicators for years. How on earth could the governor make such remarks? Laughing, Governor Chen said: "I got this idea from Premier Li Peng's report."

Late last year, Chen Huanyou participated in meetings sponsored by the central authorities on the "Eighth Five-Year" Plan and the 10-Year Program. This year, prior to the Fourth Session of the Seventh NPC in Beijing, he again took part in drawing up Jiangsu's targets for the last 10 years of this century and in making plans for reaching the targets. It is safe to say that Chen Huanyou has a very clear idea about Jiangsu's position in the entire country and about the specific course the province's economy will take.

Chen Huanyou continued: What is it that has enabled Jiangsu to make spectacular achievements in recent years? Well, everyone can tell that it is the spirit of doing solid work shared by the people in Jiangsu. I believe this is one of Jiangsu's basic experiences. To put it in specific terms, I would say that this means being realistic in setting goals, in action, and in thought. Our economic work is aimed at enabling the people to lead a prosperous life and not tantalizing them with false hopes concerning a good life. We cannot get perfunctory in this matter. In the past, people used to stress output value and quantity. Their rationale seemed to suggest that as long as we could push up output value and increase production, we would have a good life. The past two years of ups and downs in the market have completely shattered this false phantasm. Goods that no one wants to buy not only bring in no wealth but also take up capital and storage

space, not to mention wasting raw materials. Therefore, I say that today, in our economic work, we must change the old concept of not stressing effectiveness.

How do we make the change? Chen Huanyou said: It is very simple. All we have to do is to concentrate our efforts on effectiveness. We need to adopt new ways to evaluate economic work. Take the manufacturing industry, for example. We should make sure that goods manufactured get into the market, into the hands of the people, and bring back money. Then we can say that there is effectiveness. In the construction industry, projects that are built fast and well, and that do not need a lot of investment but turn out a lot of profit, are considered effective. In commerce, effectiveness is judged by whether goods are circulated without hindrance and money flows in nonstop. As for Jiangsu, effectiveness means more involvement of science and technology in the economy, leading to the elevation of the total quality of the economy. To those who are in positions of leadership, effectiveness means to do more and speak less.

In the end, Chen Huanyou reiterated that the four modernizations can only be realized through action and not through lip service. We should emphasize action and not lip service in our four modernizations. We cannot afford any delay in this regard.

Qian Qichen Holds News Briefing 27 March

HK3003033091 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 28 Mar 91 pp 1, 4

[XINHUA report: "Foreign Minister Qian Qichen Answers Questions Raised by Chinese, Foreign Reporters at News Conference"]

[Text] Beijing, 27 Mar (XINHUA)—This afternoon, Yao Guang, spokesman for the Fourth Session of the Seventh National People's Congress, held his second news briefing in the Great Hall of the People. He invited Foreign Minister Qian Qichen to answer questions raised by Chinese and foreign reporters about the international situation and China's foreign policy.

The Soviet Foreign Minister's Visit to China and the Loans to the Soviet Union

When answering a reporter's question about the Soviet foreign minister's forthcoming visit to China, Foreign Minister Qian Qichen said: "I have never met with the new Soviet foreign minister, Bessmertnykh. His visit to China will be a get-acquainted and working visit."

Qian Qichen said: As permanent members of the UN Security Council, both China and the Soviet Union assume major responsibilities for maintaining world peace. During the Soviet foreign minister's visit to China, we will consult on important international affairs. At the same time, we will also discuss the preparations for Secretary General Jiang Zemin's visit to the Soviet Union.

When talking about China's offering a commercial loan to the Soviet Union, Qian Qichen said: China recently provided the Soviet Union with a commercial loan of 1 billion Swiss francs. Before that, China had provided another commercial loan of 500 million Swiss francs.

Qian Qichen said: According to the agreement reached by the two sides, the Soviet side will repay the loans in kind. The lists of supplies in repayment of the loans contain no weaponry whatsoever.

Sino-British Relations Are Gradually Returning to Normal

In response to a reporter's question, Foreign Minister Qian Qichen pointed out that the British foreign secretary's visit to China will certainly play a positive role in promoting the development of Sino-British relations, and will indicate that Sino-British relations are gradually returning to normal.

Qian Qichen recalled the past developments and said: After our two countries successfully resolved the Hong Kong issue, Sino-British relations reached a better-than-ever level. Despite the appearance of certain difficulties after June 1989, the two sides still maintained contacts. In December 1989, the British prime minister sent a special envoy to visit China. After that, the British and Chinese foreign ministers exchanged visits. I myself also met with Mr. Major when he was foreign secretary and Mr. Hurd, the current foreign secretary, on many occasions. Qian Qichen believed that Sino-British relations will develop continuously.

When answering a Hong Kong reporter's question, Qian Qichen also pointed out: During the British foreign secretary's visit to China, the two sides will discuss the international situation, bilateral issues, and some issues concerning Hong Kong.

Qian Qichen said: The two sides will also hold consultations on the construction of the new Hong Kong airport, but such discussions will not affect the current Hong Kong administrative authorities' administrative capability.

Qian Qichen said: According to the stipulations of the Sino-British Joint Declaration, the Chinese and British sides should conduct close consultations and cooperation on all major issues during Hong Kong's transitional period, especially those concerning matters after 1997. He said that such consultations and cooperation are in the interest of Hong Kong's stability and prosperity.

In response to a reporter's question, Qian Qichen pointed out: The new airport project in Hong Kong should be arranged in a way which requires less investment and yields higher economic returns in order that the project will benefit the Hong Kong people rather than putting a heavy burden on them.

He pointed out: Hong Kong indeed needs a new airport. The airport project will be the largest and most costly one in Hong Kong's history, and it is also a major project that will extend to the post-1997 period. The Chinese

and British Governments are now consulting on this issue, and have made certain progress.

He hoped that during the British foreign secretary's visit to China, this issue can be resolved completely and satisfactorily.

Diaoyu Island Is Part of China's Territory

Foreign Minister Qian Qichen said: Diaoyu Island is part of China's territory.

When replying to a reporter's question, he said: We know that the Japanese side thinks otherwise. China and Japan have already reached an understanding that this issue should be set aside for the time being. The understanding requires that both sides will adopt measures for preventing the situation from becoming tense. We hope that the Japanese side will abide by this understanding.

When answering a reporter's question, Qian Qichen reiterated that China has not changed her position on Japan's northern territories. At present, as Japan and the Soviet Union have included the northern territory issue in the agenda of their negotiations, China hopes that they will resolve the issue through negotiations.

He said: On the issue of Japan's northern territories, there were reportedly various solutions, and there was even a rumor that the territory could be exchanged for a certain amount of money. In these circumstances, it is very hard for us to make any specific reaction to any concrete formula.

China's National Defense Spending Accounts for a Very Small Proportion

When answering a question raised by a reporter for the Voice of America, Foreign Minister Qian Qichen said: China needs to have her own defense force, but China's national defense spending accounts for a very small proportion of her national economy.

He said: "The absolute figure of China's national defense spending is also very small. In 1991, the national defense budget is 32 billion yuan, and the per capita amount of defense spending is merely \$5 to \$6. I think that this is a very low level."

Sovereignty Over the Nansha Islands Belongs to China

Foreign Minister Qian Qichen said: The sovereignty over the Nansha Archipelago belongs to China, and this is very clear. After World War II, the then Chinese Government took back the Nansha Archipelago.

He was answering a Singapore reporter's question about the Nanshas' development.

He said: China's present position is still that China has sovereignty over the Nansha Archipelago. China is willing to hold consultations with relevant countries on the joint development of the Nanshas, but there is no concrete plan at present, nor is it the time to hold such consultations.

Foreign Minister Qian said: The fact that the Taiwan authorities now are administering Taiping Island of the Nansha Archipelago is a precise proof that the Nansha Archipelago is part of China's territory.

Hoping That the Taiwan Authorities Will Do More Things Favorable to National Reunification

When replying to a Taiwan reporter's question, Foreign Minister Qian Qichen said: We welcome the indication made by the Taiwan authorities about the reunification of the country.

Foreign Minister Qian pointed out: Taiwan has been keeping extensive economic ties with the international community, but if it seeks the so-called "living space" as a political entity, that will just lead to the country's division and will not be favorable to national reunification.

Qian Qichen hopes that the Taiwan authorities will think thrice before taking any action, and will do more things favorable to the motherland's reunification and favorable to the development of relations between the two sides of the strait.

He said: Because Taiwan is not an independent country, it is a matter of course that it is not qualified to join GATT. Only with the Chinese Government's endorsement can Taiwan join GATT as a region.

The Human Rights Issue Cannot Transcend State Sovereignty

Foreign Minister Qian Qichen emphatically pointed out that some norms formulated by one or several countries or a group of countries must not be taken as international standards to be imposed on other countries for endorsement and implementation.

When answering a question about the issue of human rights, Qian Qichen said: China would like to discuss the human rights issue with other countries and to discuss it on multinational occasions, but not just the human rights issue in China.

He said: Some people say that human rights issues have no boundaries. This does not square with facts. According to international law, human rights can only be translated into reality or guaranteed by means of a given country's domestic laws. So naturally, the principle of state sovereignty must not be ruled out.

Foreign Minister Qian said: For example, the United States has been advocating human rights, but so far it has failed to ratify the two most important international human rights covenants, nor has it signed the covenants concerning apartheid, racial discrimination, the prohibition of torture, or discrimination against women. The United States has been doing this on the grounds that human rights essentially fall under the jurisdiction of U.S. domestic laws and that some articles of the above-mentioned conventions conflict with its domestic laws

Qian Qichen said: Therefore, if anyone thinks that human rights have international standards, then those standards must find expression in various international conventions, which various sovereign states may join, or may join with reservation, or may refuse to join. However, the norms formulated by one country, or several countries, or a group of countries must not be taken as international norms to be imposed on other countries for their endorsement and implementation.

The Gulf War Did Not Change the Norm for International Relations

Foreign Minister Qian Qichen pointed out: The Gulf war could not change the norm that governs international relations.

This norm is to settle international disputes and regional conflicts in a peaceful way and to avoid the use of force. He said: "This is a norm by common consent of the international community."

When answering the question raised by a UPI reporter, he said: After the Gulf war ended, people still had to return to the path of seeking a political solution for the disputes, and this shows that the use of force cannot settle all problems, still less can the Gulf war be taken as a precedent for settling international disputes through the use of force.

Calling on Large Arms Sellers To Restrain the Export of Arms

Foreign Minister Qian Qichen called on the major arms-exporting countries to exercise restraint in this regard.

He said: China has always kept a prudent [jin shen 6210 1957] and responsible attitude toward the export of arms.

Qian Qichen said: The international community banned the proliferation of nuclear weapons. There is also an international convention on banning biological weapons. Talks on concluding a convention on banning chemical weapons are also under way. However, there is no stipulations on the export of conventional weapons.

He said: "We hope that the largest arms-exporting countries will take effective measures to restrain their arms sales."

Foreign Minister Qian also pointed out: On the question of the missile technology control mechanisms, a 15-nation meeting was recently convened in Tokyo, but China did not attend that meeting. Countries that did not attend the meeting should not be called upon to assume corresponding obligations to an agreement reached by other countries.

It Is Naturally Necessary To Maintain Vigilance Against Japan's Militarism

When answering a Japanese reporter's question, Foreign Minister Qian Qichen said: It is naturally necessary for

both China and Japan to maintain vigilance against the tendency of militarism among a very small number of people in Japan.

Qian Qichen said: Since the end of World War II, militarism has been discarded by the broad masses of people in Japan. However, it is true that a very tiny number of people in Japan still keep militarism in their minds and always try to use various opportunities and adopt various forms to negate the crimes of militarism in history, and they even attempt to develop Japan's armaments by exceeding the limits of self-defense. It is naturally necessary for China and Japan to guard against such a tendency.

China Is Willing To Develop Friendly Relations With Various Countries

At today's news conference attended by Chinese and foreign reporters, Foreign Minister Qian Qichen reiterated that China is willing to develop friendly and cooperative relations with various countries.

He stressed: China hopes that she will "have as many friends and as few enemies as possible." China does not want to deliberately make any specific country her enemy.

The foreign minister said: There are more than 100 Third World countries, and they account for an overwhelming majority of all countries in the world. China is willing to continue to strengthen unity and cooperation with developing countries and Third World countries, and is willing to develop good-neighborly relations with her surrounding countries.

When answering a question about Sino-U.S. relations, Qian Qichen said: The restoration and smooth development of Sino-U.S. relations needs a foundation, and that is the principles specified by the three joint communiqués issued by China and the United States.

He said: "With both sides observing these principles, Sino-U.S. relations will be able to develop smoothly."

Foreign Minister Qian said: On 25 March, Premier Li Peng's report to the Fourth Session of the Seventh National People's Congress reiterated that China sets great store by Sino-U.S. relations, and is willing to see the restoration and smooth development of Sino-U.S. relations.

He said: U.S. President Bush has also indicated on many occasions that he attaches importance to relations with China.

When answering a reporter's question about the visit of French Prime Minister Rocard and French Foreign Minister Dumas to China, Qian Qichen said: "We are looking forward to their arrival."

Foreign Minister Qian said: During the visit of Zou Jiahua, a state councillor and minister of the State Planning Commission, to France, he conveyed Premier Li Peng's invitation to Prime Minister Rocard, which the prime minister accepted.

He said: French Foreign Minister Dumas will soon visit China. During his visit, he will preside over the inauguration ceremony of the French Consulate General in Guangzhou.

When answering a reporter's question about China's relations with Israel, Qian Qichen said: Recently, an Israeli official made a private visit to China, "but this was something far from the establishment of diplomatic relations between China and Israel."

He said: So far, China and Israel have each separately set up one office in the other country. That is, the Israeli Academy of Sciences has set up an office in Beijing, and the Tourist Bureau of China has set up an office in Israel. Apart from that, the two sides have no political contacts. Foreign Minister Qian Qichen also answered a question about hegemonism. He pointed out: Hegemonism does not refer to any specific country but to a kind of behavior which violates the norm governing international relations. He said: Opposing hegemonism and seeking no hegemony is mentioned in both the Sino-U.S. and the Sino-Soviet joint statements.

Deputies 'More Conscious' of News Reporting

OW3003132991 Beijing XINHUA Domestic Service in Chinese 0745 GMT 28 Mar 91

["Delegations' Conscious of Media Reporting by reporters Jiao Ran (3542 3544) and Chen Yan (7115 7159)"]—XINHUA headline]

[Text] Beijing, 28 Mar (XINHUA)—Delegations attending the Fourth Session of the Seventh National People's Congress [NPC] feel that deputies and workers at the session had become more conscious of media reporting.

On the No. 18 special express train from Harbin to Beijing, Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee and chairman of the Heilongjiang Provincial People's Congress Standing Committee, told workers of his delegation, to create favorable conditions for reporters covering the NPC and CPPCC [Chinese People's Political Consultative Conference] sessions, to receive them warmly, and to give them every convenience.

The moment I entered the room of Zhu Guanglin, "press official" of the Heilongjiang delegation, I began to feel a friendly atmosphere. Zhu Guanglin was talking on the phone: "Okay, I will arrange everything for you as soon as I can." After he had hung up, he said to me with an apologetic smile, "A RENMIN RIBAO reporter wanted to interview An Zhendong, but could not reach him by phone and hoped I could find An Zhendong for him."

When I presented my own interview plans, Zhu Guanglin immediately gave me a package of material and a list, and said "Have a look at the basic information about these issues, I will contact the deputies for you right away."

He went out for a while and came back, and said while catching his breath, "I found An Zhendong."

At the Guoyi Guesthouse, Ma Shengkui, secretary general of the Hubei Provincial People's Congress Standing Committee, said the moment he saw me, "I have told our workers to try to provide whatever materials you reporters need. We will try to show you every convenience."

Workers of the Administration Bureau for the Affairs of State Council Organs who were assigned to work at the Guoyi Guesthouse, were also very warm to reporters, and provided every convenience to them. On one occasion, when I needed a car urgently, one of the workers said, "Your car will not be here very soon, let us send you in our car."

A reporter who has covered several NPC sessions in the past reflected, "People involved in the two sessions have become increasingly conscious of media reporting; this is also a sign of progress."

Li Ruihuan, Deputies Examine Li Peng's Report

OW2903195291 Beijing Central Television Program
One Network in Mandarin 1100 GMT 28 Mar 91

[From the "National News Hookup" program; passages within quotation marks recorded]

[Text] Deputies attending the Fourth Session of the Seventh National People's Congress [NPC] today held group meetings to examine Premier Li Peng's report. During one of the meetings, Xinjiang deputies said: Premier Li Peng's report has brought a new, historic opportunity to Xinjiang. The report stresses the need to broaden the scope of reform and opening, specifically calls for developing border and foreign trade in minority nationality, frontier, and remote areas, and lays down the development strategy of maintaining stability in the East and exploiting petroleum in the West. This is a powerful thrust to Xinjiang's economic development. We must grasp this historic opportunity and work in a down-to-earth manner to rejuvenate completely Xinjiang's economy. Tomur Dawamat, chairman of the Xinjiang Uygur Autonomous Region, said at the meeting: Premier Li Peng's report scientifically sums up China's socialist construction during the past 40 years and more, and sets 12 principles for building socialism with Chinese characteristics; this will have a decisive effect on our efforts to achieve the second-step strategic goals.

During a discussion, deputies of the People's Liberation Army [PLA] said: Achieving the second-step strategic goals of economic development is an earnest wish of people of all nationalities across the country. The People's Army under the leadership of the party shoulders heavy historical responsibility in achieving these goals. The army should make constant efforts to improve itself and ensure that it is politically sound and militarily tough enough, to contribute to bringing about a secure and stable environment for the country's economic construction and work on reform and opening.

[Liu Huaqing] "I am completely in favor of Premier Li Peng's report. I think the guidelines and report scientifically sum up our experience in building socialism with Chinese characteristics, and lay down our country's true goals, underlying guiding principles, and [words indistinct] policies and measures for the last decade of this century. They are the guidelines for action in the next decade."

In examining Premier Li Peng's report, Guangxi deputies not only affirmed the great achievements scored in the past decade, but also had a strong sense of having a historical mission and responsibility. [Unidentified deputy] "China's ability to allow its people to live a relatively comfortable life after another 10 years' efforts will build up people's confidence in the socialist movement. In other words, the socialist system can defeat the capitalist system by further raising productive forces, thereby bolstering the confidence of revolutionaries over the world who believe in socialism."

During the discussion, deputies of the Hebei delegation held that the summary of the past decade in Premier Li Peng's report is based on facts. Deputy Guo Zhi said the following:

[Guo Zhi] "These 10 years are truly a decade in which we made tremendous [achievements]. We [words indistinct] say these 10 years are a decade of reform and opening, and a decade in which we aroused people's enthusiasm for great development and for great industrial and agricultural development. During the past 10 years, food and clothing problems of peasants have been solved, and their livelihood has been greatly improved. The 10 years are also a decade of great industrial development and of development in various trades and professions, and a decade in which our national strength has increased greatly."

[Cheng Weigao] "One of the main reasons that our economy has developed rather rapidly and the people's livelihood has improved considerably since the Third Plenum of the 11th CPC Central Committee is that we have promoted reform and opening. We hope that, in carrying out the [Eighth Five-Year] Plan and the 10-Year Development Program, the State Council would remember what I just said."

Reform and opening have brought great changes to China. At a discussion, Guangdong deputies unanimously held that making reform and opening the basic guiding principle for the coming decade is completely correct. Deputy Ye Xuanping said the following:

[Ye Xuanping, in progress] "... deepen reform. The state has decided to let Guangdong take the lead in reform and opening. From their personal experience in the past decade, Guangdong cadres and masses deeply feel that, as long as we adhere to the policy of reform and opening, Guangdong will have a better future. Great changes have taken place in Guangdong in the past decade of reform and opening. First of all, our productive forces have increased very rapidly. Our total output value in 1990 reached 141 billion yuan, or 3.17 times that of 1980; our total income reached 110.8

billion yuan, or 2.93 times that of 1980; our total agricultural output value [changes thought] total industrial and agricultural output value amounted to 249 billion yuan, or 4.82 times that of 1980."

[Zhou Nan] "We should focus our efforts on economic construction, regard economic development as the ground for improving the people's livelihood and for accelerating social progress, and, by ensuring a good job in economic development, rapidly increase our overall national strength. This is the fundamental interests of the people across the country."

Sichuan deputies said at a discussion: By summing up experience in making achievements in the past decade, we can draw a conclusion, that is, we have taken the path of building socialism with Chinese characteristics. Although we will meet various kinds of difficulties in the future, we have good prospects of achieving the second-stage strategic goals as long as we adhere to this path.

Liaoning is a province which has a relative large number of state-owned large and medium-sized enterprises. How can we invigorate these enterprises and improve their economic efficiency? Liaoning deputies focused their discussion on this issue.

[Zhu Jiazhen] "In the coming decade, we must restructure our industry as quickly as possible to make our it a more energy- and power-efficient one. What we worry about most is the problem of energy (?reserves) and power supply. Liaoning now has a total coal reserve of 6.8 billion tons, and only (?1.02) billion tons are able to be [words indistinct] large mines. If we proceed with the current speed of extracting more than 50 million tons annually, we will finish all we have in 20 years. Therefore, we must restructure our industry into one that consumes less coal and energy. In addition, we should develop more supporting industries. Currently, we ship out a large amount of raw and processed materials and ship in a large quantity of products and finished products, forming an unreasonable industrial structure. Therefore, we should develop more supporting industries and increase our [words indistinct] ability. Of course, in invigorating large and medium-sized enterprises, it is most important to maintain the consistency of our policies and to motivate producers and managers of enterprises. Without a large number of people dedicated to invigorating enterprises, enterprises certainly will not be invigorated."

This afternoon, Comrade Li Ruihuan joined the Tianjin delegation to examine the report by Premier Li Peng. The Tianjin deputies put forward constructive ideas and suggestions surrounding the issues of stepping up efforts to develop education and to build a culturally advanced socialist society, and improving the remuneration of intellectuals.

[First unidentified deputy, in progress] "... theoretical elaboration to prevent disparate interpretations that may create pressure and cause confusion."

[Second unidentified deputy] "One major issue that has the full support of the people and which will benefit future generations is the campaign against pornography and the six vices. It stamped out the spread of the remaining spiritual garbage left behind by the forces of capitalism and feudalism, [words indistinct], rectified and publicized the markets for building a culturally advanced society, and purified the contaminated minds of the young people, thereby providing the nation with a lesson on spiritual education. The achievements have been magnificent."

Li Ruihuan said: I concur with Premier Li Peng's government work report. We must explore by means of reform, opening to the outside world, and other undertakings to shape an initial socialist model with Chinese characteristics. The report is a blueprint for construction and reform in China. If we accomplish this blueprint, China's economy and technologies will make considerable advancement, the people's livelihood will improve markedly, the general strength of our nation will increase further, and society will make greater progress. At the same time we must note that the mission to accomplish these objectives will be extremely formidable. Therefore, we must have adequate mental preparation. The cardinal number for the second phase of the strategic goal is very big. It will not be easy to raise the overall quality of the national economy. We have to face a complicated international situation. The key to the success of the 10-year economic program and the Eighth Five-Year Plan lies in motivating the people to the fullest, and exercising their initiative reasonably. If the entire nation works together with one heart and mind, we certainly will overcome all difficulties, and realize the strategic goal smoothly. Motivating the people to the fullest means mobilizing the forces of every trade, profession, and side and exerting the advantage and strong points of every person to the fullest. Exercising their initiative reasonably means bringing the wisdom and strength of the people together, and organizing them to generate greater social benefits and economic returns. The starting and focal point of ideological and political work is to motivate the people fully. The current overall national interest is to realize the second phase of the strategic goal. Of their own accord, all undertakings, including that of ideological and political work, must be subjected to and serve this overall interest. To achieve this, ideological and political work must be able to galvanize the initiative, enthusiasm, and creativity of the people, and inspire them to work hard and actively take part in reform and construction. The level of success in motivating the people should be regarded as the criterion for gauging the success of ideological and political work. The ideological and political work at a locality generally may be regarded as successful if a majority of the people there are happy and work with vigor. As far as the leaders are concerned, motivating the people to the fullest and exercising their initiative reasonably not only implies the issue of working methods in general but also the issue of basic stance and viewpoints. While stepping up efforts on socialist education, we must consider fully the material

interests of the people in economical matters, and truly safeguard their democratic rights in political matters. We must take practical measures to motivate the people to the fullest, and exercise their initiative reasonably.

Zhang Haoruo Interviewed on Population Growth

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[Special interview by XINHUA reporter Chen Yan (7115 7159) and ZHONGMIN RIBAO reporter Yang Zhimin (2799 1807 3046) during the "Two Sessions": Countermeasures of a Populous Province—a Talk With Sichuan Governor and Deputy Zhang Haoruo]

[Text] Beijing, 28 Mar (XINHUA)—How can the most populous province in China scale new heights during the Eighth and Ninth Five-Year Plan period? This has been a focus of attention among the people. Zhang Haoruo, a deputy to the National People's Congress [NPC] who is the governor of Sichuan, has a well-thought-out strategy. He said: "As is known to all, Sichuan, with a large population but scarce land, is indeed experiencing some pressure to realize the goal of quadrupling production. However, the people from top to bottom throughout the province have achieved a unity in understanding this question. As long as we strictly control natural population growth and adopt effective measures to facilitate a stable development of agriculture, this goal certainly will be realized and there should be no problem in scaling new heights during the Eighth and Ninth Five-Year Plan period."

According to Zhang Ruohao's analysis, Sichuan has successfully controlled its annual population growth rate at 11.7 per 1,000 in the past five years, a figure below the natural average of 14.7 per 1,000. However, with one-tenth of the national population and only one-sixteenth of the per capita cultivated land, Sichuan, a densely populated province, has a large population base. What is more alarming is that the province will soon enter another baby boom period. According to the prediction of experts, Sichuan's natural population growth may exceed the targeted rate of 12 per 1,000 in the next five years. In other words, the population will increase by 8 million during this period.

The governor said: It is precisely because of this that Sichuan has strictly controlled its population growth, and persisted in and stabilized the policy on family planning. It also has adopted local laws and statutes to maintain the population growth at a rate below 11.4 per 1,000. In the course of formulating the Eighth Five-Year Plan and the 10-year program, the province has given top priority to stabilizing the family planning policy. "Because of special circumstances, the province must steadily develop its agriculture. To this end, it is of primary importance to increase not only cultivated land, but also the multiple crop index and per-unit yield for ensuring a stable output increase of grain and cash crops. Meanwhile, it is necessary comprehensively to consider

mountains, rivers, fields, forests, and roads in integrating agricultural, ecological, and social benefits.

Zhang Haoruo cited a number of farmland irrigation projects currently being carried out, or to be carried or expanded in Sichuan, including a project to expand and revamp Dujiang Dike; a project on Anlie He Bridge, which is called a breakthrough in developing the Panxi region; and a project to induce water from the completed main line at Wudu. He said that the completion of these projects will ensure good harvests for 550,000 mu farmland regardless of drought or flood.

Zhang Haoruo said: Proceeding from Sichuan's reality of large population and scarce land, we also should stabilize the household contract responsibility system, which links remuneration to output, for a long time so that peasants will try every means to intensive cultivation on their limited farmland.

The governor also cited a series of measures to increase output, including four projects to improve 10 million mu farmland and six projects to popularize agricultural science and technology. He estimated that the projects to popularize agricultural science and technology alone will increase grain output by at least 4.5 billion kg. He added: Sichuan has large areas of water, and land not suitable for farming, where the potential is great for breeding aquatic products and growing tea, mulberry, and fruit trees. To encourage peasants to set up nonproductive undertakings, the province vigorously has promoted and improved township and town enterprises while developing socialized service system in rural areas.

In the next decade, as long as the population and agriculture policies are carried out steadily, Sichuan is entirely capable of achieving the goal of producing an annual output of 45 billion kg by 1995 and 50 billion kg by 2000. As he talked, Zhang Haoruo was full of confidence in the future.

Ye Qing on Measures for Enterprise Invigoration

*OW2903220091 Beijing XINHUA Domestic Service
in Chinese 0711 GMT 29 Mar 91*

[By reporter Wu Shishen (0702 1102 3234)]

[Text] Beijing, 29 Mar (XINHUA)—Speaking at a meeting convened by the Liaoning delegation to examine the government work report recently, Ye Qing, chairman of the State Council Production Committee, said: Starting from improving the outer environments of enterprises, the state will take 11 new measures to enhance further the vitality of state-owned large and medium-sized enterprises.

Ye Qing disclosed the 11 new measures as follows:

—To increase the input of technical transformation for enterprises. This year, banks are prepared to release another 5 billion yuan as short-term small loans for technical transformation. Arrangements will be made

to clear a portion of accumulated commodity stocks at reduced prices to realize capital for technical transformation purposes.

- Based on conditions prevailing at different industries and enterprises, to reduce appropriately the proportions of certain mandatory plans for certain enterprises and enlarge their free-to-sell products list.
- To increase appropriately the depreciation rates. During the Eighth Five-Year Plan period, each year, the central and local authorities as well as enterprises jointly will bear the increased depreciation funds so increased.
- To increase appropriately the funds for developing new products.
- To augment circulating funds through various channels.
- To reduce appropriately the bank loan interests at an appropriate time and introduce differential interest rates.
- To give a freer hand to enterprises dealing with foreign trade. Every year, a few dozen selected large and medium-sized enterprises and enterprise groups with required conditions will be awarded rights to conduct foreign trade and be allowed to compete in international markets.
- To promote further the "double guarantee" work; the preferential policies accorded to the 234 "double guarantee" enterprises will be continued.
- To solve further the "debt chains." The state is prepared to allot a certain amount of funds to start strategically the campaign and place debt-settling work under the scope of banks' normal operations.
- To incorporate about 100 large-scale enterprise groups.
- To take practical measures to alleviate burdens of enterprises. To check resolutely the "three wantons" [wanton imposition of fines, fees, and charges]. Measures will be taken to handle such problems as excessive inspections, and appraisals through comparison, meetings, and training.

Liu Yunlai Expresses Views on State Deficits

OW2903215191 Beijing XINHUA Domestic Service in Chinese 0737 GMT 29 Mar 91

[Chen Maoti (7115 3029 1717) report: "Behind Liu Yunlai's (0491 6663 0171) 'Views on Deficits'"]

[Text] Beijing, 29 Mar (XINHUA)—The Jiangxi delegation, attending the Fourth Session of the Seventh National People's Congress [NPC], continued to deliberate on the reports of Li Peng, Wang Bingqian, and Zou Jiahua on the morning of 28 March. With a thick pack of manuscripts in his hands, Deputy Liu Yunlai was calmly expressing his views on the state financial deficits:

"China has been facing financial deficits for many years. First, I would like to express my understanding. Second,

I want to indicate my worries. On one hand, I appreciate our country's difficulties and the government's efforts in reducing the deficits. On another hand, however, I am extremely worried what serious consequences the financial deficits will have on China's economic stability in the future." His clear-cut viewpoints, detailed and accurate figures, and relevant proposals demonstrated a very high level of political consultation.

When he finished, Vice Minister of the State Science and Technology Commission Zhu Lilan, who was listening as an observer, asked him, "Are you involved in economic work?"

"No, I am a high school teacher."

Deputy Xu Qin, chairman of the Jiangxi Provincial People's Congress Standing Committee, making introductions beside him, said: "Liu Yunlai is a special-class teacher and high school principal from an attached high school of the Jiangxi Teachers' University."

Deputy Chen Zuolin, deputy secretary of the Central Commission for Discipline Inspection said that Liu Yunlai was marvelous. He asked Liu for the relevant figures on the state's financial deficits.

While attending every session as a deputy of the Sixth and Seventh NPC, Liu Yunlai has been participating in deliberations of various reports of the congress with a profound sense of responsibility, earnestly discharging his duties. After every session, he categorizes, under separate groups and headings, various economic and financial figures listed in the sessions' documents. He has already compiled two thick volumes within a few years. The issues on financial deficits have been bothering Liu Yunlai. During deliberation of this session's reports, he was more worried and decided to get it off his chest.

On the evening of 26 March, Liu Yunlai followed his delegation and visited the national exhibition of industrial enterprises' technological progress and achievements. He returned to his resting place at 2230 hours. He rushed through the night and completed a handwritten speech of over 10 pages by 0200 the following morning.

Liu Yunlai said: "When deliberating on the session's reports, we need to analyze a lot of material before we can speak rationally and convincingly." Pages are full of figures when we are researching financial deficit issues. To ensure the accuracy of all the data, he specifically counter-checked, with a calculator, with a department director of the Finance Ministry.

This is an NPC deputy's consciousness in participating in government and political affairs.

Ye Xuanping Urges Upholding Reform, Opening Up

OW2903221091 Beijing XINHUA Domestic Service in Chinese 0747 GMT 29 Mar 91

[By Reporters Gu Wanming (7357 8001 2494) and Fang Xin (2455 2450)]

[Text] Beijing, 29 March (XINHUA)—During discussion at the Guangdong delegation yesterday, Ye Xuanping, NPC deputy and governor of Guangdong Province, said: Without reform and opening to the outside world, Guangdong would not be where it is today; Guangdong will have a better tomorrow by upholding reform and opening to the outside world.

Deputy Ye Xuanping stated that the government work report of Premier Li Peng incorporates the spirit that the foundation of the nation lies in upholding the four cardinal principles. Under this premise, reform and opening to the outside world is the road towards a strong nation. During the 10 years of reform and opening to the outside world, the gross national product of Guangdong Province grew at an annual rate of 12.2 percent, its national income at 11.4 percent, its total agricultural output value at 7.6 percent, and its total industrial output value at 19.7 percent. Guangdong doubled its GNP in 1987, and accomplished the first phase of the strategic goal ahead of schedule. Infrastructures such as energy, transportation, telecommunications, and irrigation works throughout the province were strengthened greatly, and the investment environment improved markedly. Reform and opening to the outside world also have enhanced greatly the vitality of rural and urban "production grassroots," and strengthened the capability to meet uncertainties during economic development. Cadres at all levels have undergone training, and greatly improved their proficiency. The people have broadened their perspective of the world, thereby improving their ability to differentiate right from wrong. Because of these changes, Guangdong's economy was able to maintain a moderate growth rate in 1990 despite the difficulties, and scored results which were better than expected. The provincial GNP expanded by 10.1 percent, total industrial and agricultural output value by 15.1 percent, and export by 29.3 percent. However, Guangdong also made mistakes in economic development because of attempts to reap quick results. After more than two years of efforts to readjust the economy and deepen reforms, the economic environment and economic order have improved markedly. However, many problems still remain to be resolved, and we must not lower our guard.

Ye Xuanping said: Accomplishing the goal of progressing from having enough food and clothing to a life of plenty is a heartening matter. Because Guangdong has doubled its GNP ahead of schedule, it is likely to achieve the objective of quadrupling the GNP in 1993 or 1994, thereby making due contributions to the efforts to achieve the goal nationwide.

Bai Qingcai Discusses Reform, Open Policy

OW3003044591 Beijing XINHUA Domestic Service
in Chinese 0825 GMT 29 Mar 91

[By reporter Chen Maodi (7115 3029 1717)]

[Text] Beijing, 29 March (XINHUA)—While deliberating Premier Li Peng's report over the past two days,

many deputies of the National People's Congress [NPC] from Shaanxi Province simultaneously mentioned that upholding the reform and open policy was the impetus to achievement of the second-step strategic objective.

Shaanxi Provincial Governor Bai Qingcai disclosed to this reporter the secret of their same mind: Shaanxi held a province-wide mass discussion on "What is Shaanxi going to do while the coastal areas are opened wider to the outside world?" at the end of last year. Deputies to the NPC and people around the province all paid attention to this discussion. The deputies naturally brought the discussion to their meeting when they came to Beijing for the NPC session, and gained a new understanding and clearer idea of the reform and open policy.

Bai Qingcai said: "Changing our country in the past decade is indeed no easy work. The construction achievements are so great that they have fully proven the success of the reform and open policy."

Having assumed office for only one year, Governor Bai Qingcai has visited 10 prefectures and cities and 40-50 counties throughout the province, and has full confidence in developing Shaanxi. He said: "Shaanxi is one of the birthplaces of China's ancient culture. Since the founding of our country, Shaanxi has established a number of industrial enterprises with more complete departments. It has great superiority in science and technology, as well as in tourism. The key to more development lies in further renewing our ideas, deepening reform, and opening wider to the outside world."

Last year, Shaanxi Provincial Party Committee and government organized two observation teams to several coastal provinces and cities for study and observation, respectively. Bai Qingcai said: What most impressed us during the investigation tours was the very strong ideology of reform and opening to the outside world in the coastal areas. They planned and did things on a large scale. They were brave to blaze new trails, confront difficulties, and take risks. Compared to them, we have more rules and regulations and outmoded ideas. Through deliberating Premier Li Peng's report, our ideas have been renewed for making efforts in conscientiously executing the central policies in line with our actual conditions, in speeding up reform, and in opening wider to the outside world.

Bai Qingcai summarized the measures to be taken in Shaanxi for achieving the second-step strategic objective:

- Carrying out various measures of reform which have been adopted; maintaining the stability and continuity of policies, and constantly enriching and improving them while carrying them out;
- Taking advantage of the province's superiority in science, technology, and military industry to set up several Chinese-foreign joint ventures in coastal development zones and managing, on an experimental basis, a number of development zones and export

industrial zones, mainly high-tech development zones, in the province, after conducting a full appraisal;

- Intensifying the study of the impact of the Eurasian Continental Bridge on Shaanxi after it is completed; making arrangements in accordance with the idea of "strengthening the eastern line and developing the western one, opening wider to the outside world to both the east and the west;" tapping Shaanxi's unique "ancient" resources by organizing specialized tours and activities of cultural exchanges to attract tourists and foreign funds on a larger scale.

Deputies Explain Reasons for Pudong Development

OW2903165591 Beijing XINHUA in English
0923 GMT 29 Mar 91

["Roundup: Why China Gives Priority to Development of Pudong New Area?"—XINHUA headline]

[Text] Beijing, March 29 (XINHUA)—The priority China gives to the development and opening of Shanghai's Pudong new area in the 1990s marks the country's new trend of combining opening with regional division of industries, according to economic experts and local officials who are deputies attending the National People's Congress (NPC) now in session.

The Huangpu River divides Shanghai alluvial plain into two parts known as Pudong and Puxi. Puxi is the political, economic and cultural center of Shanghai. Pudong, covering 350 square kilometers, has a population of 1.1 million and 1,930 industrial enterprises.

The Chinese Government has decided that during the Eighth Five-Year Plan period (1991-1995), the country will concentrate efforts to develop and open Pudong new area in addition to ensuring success of the existing special economic zones, coastal open cities and regions.

NPC deputies from coastal areas said that this move is the inevitable outcome of the open policy instituted by the Chinese Government in the 1980s.

Lu Ruihua, mayor of Foshan city, Guangdong Province, said that a decade ago the decision to give priority to opening Guangdong and Fujian Provinces to the outside world was undoubtedly correct, because Guangdong borders Hong Kong and Macao while Fujian stands opposite to Taiwan only separated by the straits. These provinces have unique advantages compared with other areas.

Now the decision on giving priority to the opening of Pudong is not only the outcome of the development of the open policy but also the necessity for a balanced development of the national economy, he reasoned.

Lu Ruihua said that Pudong with the support of China's largest industrial center Shanghai, has also matchless advantages of its own. Its development will surely promote the development of east China and the Yangtze River valley, which will have a decisive impact on the economic development of the whole country.

His view is shared by Professor Li Boxi, head of the development and prediction department of the research center to advise on economic, technological and social development under the State Council.

She said that after a long term of close-door policy China began to probe opening to the outside world a dozen years ago and there was no experience available for China. Therefore, it was correct for China to try out the idea in small zones such as Shenzhen, Zhuhai and Xiamen rather than take Shanghai—China's manufacturing center and the pillar of the state financial revenues—for a pilot region. Now, with Guangdong and Fujian's experience in the implementation of the open policy, it is high time to develop Pudong.

Several NPC deputies regard the development of Pudong as a project extending to the next century. It signals China's determination to open itself wider to the outside world by moving the open areas from coastal to inland regions as well as a specific step in deepening the reform.

Associate Professor Feng Fuhai, vice-president of the Shanghai Institute of Foreign Trade, held the view that China gained experience by opening Guangdong and Fujian to the outside world in the 1980s, and the development the Pudong new area in the 1990s is bound to lay a solid foundation for China's takeoff in the next century.

Nie Bichu, mayor of Tianjin, a leading port city in north China, said that his city is also eager to open wider to the rest of the world. If the Pudong new area proves successful, the development of Tianjin will be put on the agenda.

Deputies from south China's Fujian, Guangdong and Hainan Provinces view the opening of Pudong as both new opportunity and challenge to them.

Vice-governor of Fujian You Dexin said the development and opening of Pudong doesn't mean the country will close the areas already open to foreign investors and, instead, will give an impetus to these open areas.

Deputies from the three provinces said they have attracted much more foreign investment since the central government announced the opening of Pudong last April.

K.C. Mun, chairman of the marketing and international business department of the Chinese University of Hong Kong, said Pudong will face keen competition with other open areas in the use of foreign funds for its development. But such competition will have little impact on the development of Guangdong and Fujian Provinces.

Judging from the present trend of investment, he noted, most investors from Hong Kong are willing to set up enterprises in Guangdong while investors from Taiwan prefer Fujian.

Pudong will concentrate on capital- and technology-intensive projects. Its potential partners are manufacturers in developed countries. Hence, Hainan may be affected in this respect, he said.

However, Governor of Hainan Province Liu Jianfeng said Hainan is more attractive to foreign investor than the other open areas with its vast land area and rich natural resources.

Professor Li Boxi said competition among different regions in the use of foreign funds is a new trend in China's reform and opening to the outside world. It is beneficial to the readjustment of the industrial structure, the rationalization of regional division and finally the accomplishment of the goal of common prosperity.

Deputies Discuss Agricultural Development

OW3103120391 Beijing Domestic Service
in Mandarin 1030 GMT 29 Mar 91

[Unattributed report from the "National Hookup" program]

[Text] After the Fourth Session of the Seventh National People's Congress began group discussions, agriculture and the foundation of the national economic development, became the focal topic of discussions by deputies from all areas. They were all satisfied with the fact that Premier Li Peng's report gave prominence to the agricultural issue and stressed its importance and praised the concept of increasing grain production by 450 billion kg and 500 billion kg in two separate stages in the next decade. Meanwhile, they expressed the aspirations of the peasants by speaking freely of their views on the problems existing in our country's agricultural development at present and their relevant suggestions.

The outline of the speech given by Jiangsu Deputy Sun Han, who is an expert on agriculture, was filled with various figures. He maintained that, to achieve the two-stage objectives in our grain production over the next 10 years, it will be necessary for us to concentrate efforts on tapping the potentialities of grain and overall agricultural production in addition to bringing population growth under control and protecting cultivated land and that, in this regard, we must gradually raise the level of intensive farming on both high-yield and low-yield areas.

Deputy Cheng Weigao, who is from Hebei, a province that faces serious shortages of water resources, said: Rational utilization of water resources is the prerequisite for promoting agricultural development in Hebei. It is necessary for Hebei Province to keep increasing input in agriculture and make unremitting efforts to do a good job in capital construction of water conservancy works on farmland in the next 10 years.

(Wang Debin), deputy for the peasants of Liaoning Province, maintained that Premier Li Peng got to the heart of the matter when in his report he proposed to promote agricultural development with the aid of science education. He said: The village which has a population of over 2,000 and which I represent has spared no money in investment in promoting education in the past few years. The village sent its youths to attend colleges and universities in other areas, and they returned to

make contributions to the development of their native place. If we want to promote agricultural development, we must, first of all, improve the quality of peasants.

Sichuan is a big province that has enjoyed rapid agricultural development. Its deputy Zhang Haoruo said: Sichuan has a population of more than 100 million. Therefore, grain is of the greatest importance. Sichuan gives priority to carrying on the green revolution and setting up four 10 million-mu areas; namely, transforming 10 million mu area each of winter paddy field; winter fallow farmland; medium and low-yield dry land; and farmland on ridges, mounds, and hills, in the province in the next decade. Sichuan aims at increasing yield per unit area through transformation of these four 10 million-mu areas.

Shanxi Deputy (Zhu Jixue) reported: It is hard to popularize a number of agricultural scientific research achievements now. We have missed many good opportunities for production increase. It is hoped that close attention will be paid to popularizing agricultural scientific research achievements.

Anhui Deputy Lu Rongjing maintained: The key for a province with large grain output like Anhui to achieve the two-stage objectives of grain production lies in stepping up efforts to harness the two rivers of Chang Jiang and Huai He. In the next 10 years, Anhui Province will further do a good job in carrying the projects of reinforcement of dikes and dams along Chang Jiang and Huai He, as well as flood prevention and drainage of flooded fields, in a bid to enable the province to be in a better position to store floodwater and prevent flood.

Ningxia Deputy (Hu Zicheng), a rice expert, said: Peasants will be hurt if the price of grain is cheap. The extensive management practiced by many peasants in their grain production caused the per unit area yield of grain to drop. Deputy (Cui Yongxing) added that there are signs now indicating that the sown area for summer grain tends to decrease in some localities. They called for adopting effective policies and measures to protect peasants' enthusiasm for growing grain.

Shaanxi Deputy Yang Jirong proposed that it is necessary to be determined to solve the problem of illiteracy and ignorance of science and vocational knowledge among some peasants and assign a large number of cadres to go down to the countryside to undertake technical contracts.

(Wei Jisong), Zhuang nationality deputy from Guangxi, said: Guangxi will make vigorous efforts to promote development of such industrial sectors as chemical fertilizers and pesticide that support agricultural development during the period of the Eighth Five-Year Plan. Its agriculture was seriously plagued by insects in recent years. It lost a good deal of grain every year. If we succeed in handling the task, we can save hundreds of millions of kg of grain from insects every year.

Inner Mongolia's Deputy (Liu Yongan), an expert on agriculture, said that because difficulty for sales of grain exists in the sphere of grain circulation, it is hoped that the state will increase funds for grain purchase.

Shandong Deputy (Xu Jieshui) mentioned the issue of cotton. He maintained that the major problems confronting cotton production now are that there are mixed strains of cotton, that agricultural means of production are not supplied in good time, and that inadequate technical guidance is provided. He believed it is necessary to improve technical services before, during, and after cotton production.

Deputy (Wu Shangzhong), president and researcher of the Guangdong Provincial Academy of Agricultural Sciences, said it is necessary to give priority to promoting agricultural development with the aid of science and technology and developing agriculture that generates foreign exchange. Conditions are ripe for a good number of areas to develop agriculture that generates foreign exchange. It is very important for us to improve China's agricultural structure and its income of foreign exchange.

Hunan Deputy Huang Daoqi suggested that it is necessary to make vigorous efforts to activate market in rural areas at present and for a considerable period of time to come and that relevant policies should be made more favorable for rural areas, agriculture, and the peasants.

Beijing TV Covers Discussion

OW3003105791

[Editorial report] Beijing Central Television Program One Network in Mandarin at 1145 GMT on 29 March carries a 15-minute special program on an NPC [National People's Congress] session showing NPC deputies discussing agricultural development.

The video begins with a medium shot of a room in which NPC deputies are sitting along a long table. An unidentified announcer says: Some deputies attending the Fourth Session of the Seventh NPC engaged in an enthusiastic discussion of our country's agricultural development in the next decade. The camera pans to show deputy Cheng Weigao, who comments on Premier Li Peng's report, saying that Li Peng's analysis of the development of the rural economy in the last decade is "very correct." He warns against the tendency of overcomplacency about agriculture. He also notes that farmers are now facing many contradictions and difficulties, particularly in the areas of circulation funds and the supply of means of production, which he said have "affected the initiative of farmers for agricultural production." The camera then shows deputy Tang Shunyi who notes Li Peng's report on taking the socialist road, meaning the road of common prosperity. He says that the implementation of Li Peng's report will "enable a majority of people in the nation to become well-off." The video then pans to show deputy Zhang Runshen who takes note of the fact that China's agriculture scored tremendous successes in the last decade. He attributes

the achievements in agriculture to the promotion and progress of science and technology. He stresses the need to promote science and technology to increase agricultural production. The video then shows Deputy Wei Jiankun who feels that the nation's proportion for scientific and technological investment in agriculture is insufficient. Therefore, he suggests raising the proportion. The video also shows Guo Hongqi who talks about establishing agricultural regulatory funds "so as to ease the difficulty of selling grains." Deputy Fu Liang says that in order to raise agricultural production, it is necessary to establish strong and effective grassroots party organizations in rural areas, saying strong and effective party branches in rural areas "will make the masses become more self-reliant and bring about a rise in agricultural production." Deputy Xia Hengxi stresses the importance of raising the cultural and professional level among farmers. Deputy Zhang Zhanlin notes that the difficulty of selling grain is a national problem. He calls on all to help solve problems for the farmers. He says "if all work with one heart and mind, we can help farmers solve problems." The report concludes with Deputy Cheng Chunbo calling for raising the status of rural enterprises since he feels the pace of development of the rural enterprises has not been quick enough. He disagrees with some people who have nothing good to say about rural enterprises. He points out that rural enterprises lack capital and qualified personnel. He calls on the government to raise the status of rural enterprises so that college graduates from urban areas will go to work for rural enterprises. He notes the problem of the lack of qualified personnel in rural enterprises is "very acute."

Liu Jianfeng on Economic Growth, Taiwan

OW2903214991 Beijing Central Television Program One Network in Mandarin 1100 GMT 29 Mar 91

[From the "National News Hookup" program]

[Text] Today the News Center of the Fourth Sessions of the Seventh National People's Congress and the Seventh National Committee of the Chinese People's Political Consultative Conference held a small press conference at the Jinguang Center. Officials of Hainan Province were invited to answer questions from Chinese and foreign reporters.

Governor Liu Jianfeng said: Since the establishment of Hainan Province and the special economic zone there three years ago, the fastest growth areas have been foreign economic relations and trade, tourism, finance, and banking. Last year the province actually used \$190 million in foreign capital, 20.8 times the 1987 figure.

In recent years, Hainan has made big improvements in the investment climate. During the past three years, the accumulated investment in fixed assets throughout the province reached 8.449 billion yuan.

When a reporter asked about the Yangpu Development Zone, Liu said: The Yangpu Development Zone has an area of 30 square kilometers. The infrastructure facilities there will be built and developed on one whole portion of

land, using investments by foreign firms. Although the zone is contracted to foreign firms, it does not involve state sovereignty. We have been keeping in touch with foreign firms concerning the development of the Yangpu Development Zone. Negotiations now underway are at a deeper level. The project may start this year.

When he was asked what kind of preferential policy Hainan Province offers Taiwan firms, Liu Jianfeng said: Like other provinces, Hainan Province gives certain preferential treatment to Taiwan investors. As far as land prices are concerned, Taiwan firms are entitled to preferential prices within a 5 percent margin, other things being the same. He also disclosed that Hainan Province is formulating new regulations to encourage investments by Taiwan firms, and they are expected to be published during the second half of this year.

Resources Development To Accelerate in Southwest

*OW2903152391 Beijing XINHUA in English
1154 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—China will step up the development of the natural resources in southwest provinces of Yunnan, Guizhou and Sichuan to make the region one of the major bases for energy and mineral resources.

The decision was made according to the outline of the 10-Year Program and the Eighth Five-Year Plan expected to be adopted at the current annual session of the National People's Congress [NPC].

According to governor of Sichuan Province, who is attending the NPC annual session, two railways, two or three big hydroelectric power stations and one steel production center have been planned in his province.

Governor of Guizhou Province Wang Chaowen revealed that the province plans to build a number of hydroelectric and thermal power stations, together with power transmission and transformation facilities.

Yunnan Provincial Governor He Zhiqiang said that projects will be undertaken to mine phosphorus, lead and zinc ores while developing the energy resources. The plan for developing the water power reserves of the Lancang River—a main river winding through Yunnan—is being drawn.

The three governors all agreed that the development plan is of strategic importance for the national economy. It will fully display the superiorities of the areas richly endowed with natural resources and the superiorities in technology in the developed eastern coastal regions.

According to economic experts, some of the development projects have started. For instance, the construction of the Ertan and Tianshengqiao hydroelectric power stations is going on with intensity and work has also begun to open coal mines and build or expand aluminium, phosphorus, tin and other energy consuming projects.

It was learned from authoritative sources that projects to develop coal and phosphorus resources in Yunnan and Guizhou, the projects to expand and upgrade the Pan-zhihua Iron and Steel Complex and the Chongqing Pingchuan Iron Mines have been listed as key development projects under state plans; the plan to accelerate the construction of the energy center in the Wujiang River valley has been approved by the State Council.

The three southwest provinces, long known as the country's "golden waterway corridor", are rich in water power reserves estimated at up to 170 million kw, about a half of the country's total exploitable water power reserves.

Moreover, the three provinces boast the richest reserves in a number of ferrous and non-ferrous metals, including gold, mercury, phosphorus, coal and aluminum in Guizhou, vanadium, titanium, cobalt and natural gas in Sichuan.

In addition, this region boasts a number of industrial centers, including the metallurgical centered in Panzhihua, Chongqing and Shuichengzi, the aluminum center in Guizhou and the coal mining center at Liupanshui.

With these existing industrial centers and the mineral and energy resources, the region is expected to become a big power house for the development of the national economy.

Li Tieying Says Education Must Serve Development

*OW2903165391 Beijing XINHUA in English
1220 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—Education must serve the immediate interests of the people, serve the development of the national economy and serve the local efforts for a better life, said Li Tieying, state councillor and minister in charge of the State Education Commission.

The minister made the remarks today at a group discussion of the NPC deputies representing Jiangsu Province. The annual session of the Seventh National People's Congress entered its fifth day today and NPC deputies from a number of places touched on the topic of education in their group discussions.

The future international competition will focus on science, technology and education, Li said after hearing the comments and suggestions on China's education by Jiangsu deputies. It is, therefore, essential to put education in the first place of development and to increase investment.

He said that China is a poor country and yet is building the world's largest education system and shouldering the heavy tasks of educating one-fifth of the population in the world. "Only by mainly relying on our own efforts, is it possible to accomplish the tasks," he stressed.

He praised various localities for their efforts to promote education by mobilizing local resources. He revealed that the state expenditure was about 10 billion yuan around 1980 and this year the total expenses on education have increased to 60 billion yuan and about one third of the money come from local sources.

Many deputies representing Beijing and Taiwan expressed satisfaction about the increase in the state expenditure on education, but felt it is still not enough.

The state expenditure averaged only about 50 yuan on the per capita basis, said Professor Dai Yi from the Chinese People's University. He urged efforts to encourage the whole society to engage in the development of education.

Some deputies appealed to the state to make earnest efforts to improve the living and working conditions.

Hainan Governor Liu Jianfeng Holds News Briefing

Expects More Investment From Taiwan

*OW2903153391 Beijing XINHUA in English
1256 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—Hainan Province, China's largest special economic zone, will offer investors from Taiwan preferential treatment, a local leader said here today.

Liu Jianfeng, governor of Hainan and also a deputy of the National People's Congress, made the remark at a news briefing at the Jingguang New World Hotel.

The governor said that of the 1,093 foreign-funded enterprises in Hainan Province, 88 are funded by Taiwan businessmen, involving 42.87 million U.S. dollars.

The volume of investment from Taiwan is next only to that from Hong Kong and Macao, he added.

In the use of land, he said, investors from Taiwan can enjoy a five percent preferential treatment. Those who make investments in infrastructure may launch relevant, more profitable industries to make up the loss.

He disclosed that provisional regulations to encourage Taiwan investment are being drafted and may go into effect later this year.

Hainan Island, China's second largest, became the country's 30th province in 1988. By 1990, the new province made use of foreign investment totalling 190 million U.S. dollars. It also exported 470 million U.S. dollars worth of goods and earned 130 million yuan (26 million U.S. dollars) from tourism that year.

The governor said Hainan and Taiwan have similar natural conditions. Rich in tropical and marine resources, Hainan plans to launch comprehensive agricultural projects. Investors from Taiwan have good opportunities in this field, the governor said.

In response to a question raised by a Taiwan reporter, the governor said two power plants, each with a generating capacity of 125,000 kw, went into operation in 1989, bringing the province's total annual generating capacity to 800,000 kw. "We have enough electricity for factories funded by investors from Taiwan," he said.

Discusses Development of Yangpu

*OW2903153091 Beijing XINHUA in English
1320 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—"Major breakthrough" will be made for the development of Yangpu, a project on China's Hainan Island, and it is expected to start later this year.

This was disclosed by Liu Jianfeng, governor of Hainan Province, when he was speaking at a news briefing at the Jingguang New World Hotel here today. He has been in Beijing attending the ongoing annual session of the National People's Congress.

"Different opinions among ourselves and variations of foreign investment have delayed the project," the governor said. "As the problems have now been basically solved the development of Yangpu will be accelerated."

Located in the western part of the Hainan Island, Yangpu has an area of 30 square kilometers. Three years ago the Hainan provincial government decided to contract the area's infrastructural construction to foreign investors, who can use the area's land for 70 years with favorable prices.

Vice-Governor Bao Keming said that it is for the first time in China that foreign businessmen can contract a construction project on a zone of 30 square kilometers. The first phase of the project or its infrastructural construction will cost six billion yuan (about 1.1 billion U.S. dollars). The second phase, when major enterprises are introduced, needs six billion U.S. dollars.

The project will be carried out in steps. The first step will start from an area of five or six square kilometers. Bao disclosed that the provincial authorities and the Japanese Kumagai Corporation based in Hong Kong "have had profound negotiations" on this.

According to Governor Liu, the contracts of the development project are being drafted. "If everything goes on well," he said, "a contract on the first step of development will be signed before June," he said.

News Center Holds Briefing on Rural Enterprises

*OW2903214791 Beijing XINHUA Domestic Service
in Chinese 1326 GMT 29 Mar 91*

[Text] Beijing, 29 Mar (XINHUA)—The News Center for the Fourth Sessions of the Seventh National People's Congress [NPC] and the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC] held a press conference for Chinese and foreign correspondents today. He Kang, president of the China Rural Industry Association, was invited to talk about the development of village and town enterprises in China.

He Kang said: During the "Seventh Five-Year" Plan period, under the guidance of the correct principles and policies of the party and the government, village and town enterprises worked hard in pioneering their cause.

As a result, they have acquired a greater economic strength, constantly increased the effective supply, kept improving their quality, gradually developed a reasonable production structure, and made greater contributions to economic and social development. In 1990 the total output value of village and town enterprises was 950 billion yuan, accounting for nearly 60 percent of the total domestic product in the rural areas and 25 percent of the total domestic product of all of China. Village and town enterprises earned \$13 billion in foreign exchange from exports, accounting for more than one fifth of the nation's total foreign exchange earnings from exports.

He Kang said: Through practice, it has been shown that developing village and town enterprises has become the only way to modernize rural areas and agriculture and industrialize China. Village and town enterprises have made important contributions to ensuring China's political, economic, and social stability; consolidating workers-peasants alliance and rural grass-roots governments; and raising the quality of the Chinese nation.

He Kang said: The most fundamental reason for this vigorous development of village and town enterprises in China is that the policy of reform, opening to the outside world, and enlivening the economy has created a sound environment for economic growth. The party and the government have formulated principles and policies suitable to the general conditions in China, thereby mobilizing the enthusiasm and creativity of hundreds or millions of peasants in running village and town enterprises. In addition, village and town enterprises have demonstrated their vim and vigor through their operating mechanism and inherent characteristics.

He Kang also talked about the objectives of village and town enterprises during the "Eighth Five-Year" Plan period: By 1995 their total output value will reach 1.4 trillion yuan; the economic structure will be further optimized; the scientific, technical, and managerial levels will be raised further; and economic efficiency of enterprises will be improved considerably.

Answering reporters' questions on the policy for village and town enterprises and the prospects for their development, He Kang said: Last year, the State Council promulgated the Regulations on the Management of Collectively Run Enterprises in Villages and Towns. Now the NPC is formulating the Law on Village and Town Enterprises to safeguard the legal rights and interests of village and town enterprises. In addition, principal leaders of the party and the government have stressed repeatedly that the policy of supporting and providing guidance for the development of village and town enterprises will remain unchanged. The Seventh Plenum of the 13th CPC Central Committee and the current NPC session have attached importance to the development of village and town enterprises. All this is bound to promote a swift and healthy development of village and town enterprises.

Chen Junsheng, Deputies on Fighting Poverty

OW3003060591 Beijing XINHUA Domestic Service in Chinese 1331 GMT 29 Mar 91

[By reporter Jiao Ran (3542 3544)]

[Text] Beijing, 29 Mar (XINHUA)—In the Guizhou room of the Great Hall of the People today, State Councilor Chen Junsheng heard the opinions of deputies from Guizhou to the Fourth Session of the Seventh National People's Congress and delivered a speech on bringing changes to poverty-ridden areas.

At today's meeting, deputies from Guizhou expressed their opinions on how to develop impoverished areas and exploit their province's resources. Chen Junsheng said: In the 1990's, it is necessary to further accelerate the development of minority and border areas to ensure the implementation of the policy decisions of the CPC Central Committee and the State Council and the realization of the second strategic goal. In the future, central policies on helping poverty-stricken areas should be tailored to the west. Funds for helping impoverished areas should be funneled into the poorest areas inhabited by ethnic minorities and in remote and rocky mountains. The west is the focus of our poverty assistance program. We must wipe out poverty nationwide before the end of this year to help resolve the problem of feeding and clothing the people.

Chen Junsheng said: The central authorities have now worked out preferential policies and specific measures on Guizhou Province. The next key step is to exploit these favorable conditions and put the funds to good use. In the next decade, it is necessary to work hard to change Guizhou's impoverished state and render meritorious services to the people of Guizhou.

In his speech, Chen Junsheng also related the experiences of Jiangsu and Shaanxi Provinces in helping poverty-ridden areas through exchanges of cadres and expanded contacts.

Li Peng Attends Anhui Delegation Discussion

OW2903230391 Beijing XINHUA Domestic Service in Chinese 1344 GMT 29 Mar 91

[Report by Liu Haimin (0491 3189 3046) and Sun Jie (1327 2638)]

[Text] Beijing, 29 Mar (XINHUA)—Li Peng, premier of the State Council, today attended a discussion of the Anhui Provincial delegation today. He said: For historical and geographical reasons, there are gaps in economic development of the various localities in China. Therefore, each locality should take account of its practical situation when formulating its own "Eighth Five-Year" Plan and the 10-Year Program so it will make solid progress in its local economy each year.

Li Peng said: Different localities have different production structures, natural environment, and starting investment. It is only natural to have gaps in economic development. A horizontal comparison of the economies in different localities is only for reference. The important thing is for the localities to make vertical comparisons with their own development in the past. Otherwise, they will only see gaps, not progress, lose heart, and develop fear of difficulties. In determining their economic growth rate, localities also should take account of their own practical situation, and should not divorce themselves from existing conditions.

In view of the "difficulty in selling grain" reported in some localities, Premier Li Peng said: This is a difficulty that has cropped up in the course of advancement. We should analyze correctly the nature of the difficulties. At present China's per capita grain output is still low. Coupled with the constant growth in population, the grain problem still remains a big problem that has troubled China for a long time. We have reaped bumper harvests of grain in the past few years. This is primarily attributed to favorable weather. At present the state has taken measures and stored 25 billion kg of grain. This has enhanced our ability to resist natural disasters, and has helped to stabilize the grain market and prevent large fluctuations in grain prices. However, the state currently has limited storage capacity. Therefore, all localities may want to work out ways to "keep the grain among the people." In addition, the state and localities should attach great importance to increasing grain storage capacity. The existing storage facilities are simple and crude, and tend to result in wasted grain. In the future, we should build gradually some modernized permanent grain storage facilities.

Premier Li Peng also said: In the next 10 years, while perfecting the household responsibility system of linking remuneration to output, we should develop the various forms of socialized service network suitable to the local situation, improve the dual management system that combines household with collective operations, and strengthen the cohesive power of rural governments.

Senior Officials Continue Talks With Deputies

*OW2903180391 Beijing XINHUA in English
1436 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—Premier Li Peng and other members of the State Council today joined deputies to the National People's Congress, for the third day, in the discussions of the country's Ten-Year Development Program and the Eighth Five-Year Plan.

This morning Li Peng took part in discussions in the Anhui Provincial delegation and went to Shandong Provincial delegation this afternoon.

Vice-Premier Tian Jiyun went to the Qinghai Provincial delegation to hear opinions. State Councilors Li Tieying,

Wang Bingqian, Song Jian and Li Guixian took part in discussions in Jiangsu, Jiangxi, Liaoning and Shanxi delegations, respectively.

Quite a few delegations focused their discussions on agriculture. Some deputies from Anhui and Jiangxi, both leading grain producers in China, reported that after a good harvest last year, peasants in some areas have to keep their grain because the state had no funds to purchase it. They urged the government to take effective measures to protect the interests of peasants and their enthusiasm to grow grain crops.

Other topics in the group discussions today included rural industry, education, science and technology, economic development in the under-developed regions, opening to the outside world and problems with the state-owned enterprises.

Jiang Zemin, general secretary of the Communist Party of China (CPC), joined deputies from Shanghai this afternoon and aired his views on education in patriotism and invigorating big and medium-sized enterprises.

Song Ping, a member of the Standing Committee of the CPC Political Bureau, participated in discussions with the Gansu delegation, where he said that the key for poorer areas to prosper is to develop education.

Meanwhile, more than 50 deputies and members of the Chinese People's Political Consultative Conference (CPPCC) from Hubei Province visited Li Xiannian, chairman of the CPPCC National Committee, at his residence. The veteran leader is a native of Hubei in central China.

The press center in the Jingguang New World Hotel has organized several news briefings these days. Today, leaders from Hainan Province and He Kang, chairman of the China Rural Enterprises Society and former minister of agriculture, met the press there.

Deputy Urges Government To Correct Mistakes

*OW2903154791 Beijing XINHUA in English
1515 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—The central government should draw lessons from its past experiences and correct the mistakes in real earnest, a Hong Kong deputy to the National People's Congress said here today.

Wang Ming Chun, a Hong Kong TV star, said that the government should be fully aware of the serious consequences of the mistakes in its work in the 1980s.

Wang referred to the errors and shortcomings mentioned by Li Peng in his report to the current annual session of the Seventh National People's Congress which opened on March 25.

The shortcomings and mistakes listed in the premier's report mainly include: the lax [as received] in ideological and political education, overanxiousness for quick results in

economic development and reform, over-decentralization of some economic sectors to the extent of weakening of the state ability to exercise macro-control.

The government should take real steps to make self-criticism and correct these errors and shortcomings, Wang said.

The deputy said that it is neither reasonable nor realistic to measure the mainland with the yardstick of Hong Kong.

She said that the government has recognized that it must follow its own road and that is the most important.

Wang Ming Chun said that Premier Li Peng's report has summed up past experiences and concluded that China must march along its own road and build socialism according to its own realities and with Chinese characteristics.

She said that China with a population of 191 billion [as received] should first of all solve the problem of feeding its people. "If the government even fails to feed the population, what else should it talk about?" She asked.

She deemed it necessary and correct for the government to promise great efforts to develop agriculture in the next decade.

She questioned why the government is unable to check smuggling which, she said, is very serious from Hong Kong to the mainland and why the law-enforcing people just turn a blind eye to it.

Smuggling and other related problems could adversely affect the stability and economic development of both Hong Kong and the Chinese mainland, she said. She expressed the hope that the mainland and Hong Kong will strengthen cooperation and make concerted efforts to deal with the criminal activities.

Jiang Zemin Joins Shanghai Deputies in Discussion
OW2903154491 Beijing XINHUA in English
1519 GMT 29 Mar 91

[Text] Beijing, March 29 (XINHUA)—Chinese leader Jiang Zemin said here today that revitalization of state-owned enterprises depends on a more effective internal management mechanism on the one hand and a better external environment created by the state on the other.

The general secretary of the Chinese Communist Party joined deputies from Shanghai now attending the annual session of the National People's Congress (NPC) in the discussion. Jiang himself is a deputy of the Shanghai delegation.

He said that enterprises have a great potential internally to improve their economic performance.

Noting that State Council has designated this year as "a year of quality, variety and efficiency," he said these are long-term goals for all businesses.

The party leader said that an important aspect of strengthening internal management is to practice economy, noting that there is a considerable gap between Chinese and foreign enterprises in terms of consumption of energy and raw materials. Economic performance can be raised if cost is lowered, he said, adding that this calls for technological upgrading and strengthening of management.

Chinese products should be geared to both domestic and international markets and brand-name products must have the backing of first-class quality, he said.

"Now that we have political stability at home," he said, "we must do a better job in economic work."

Jiang said that China carries out its reform and opening to the outside world along the socialist road. "Young people must understand this and education in patriotism, national integrity and dignity must be conducted among all people including children," the party leader said.

Deputies' Discussions Stress Reform, Opening Up
OW3003132091 Beijing XINHUA Domestic Service
in Chinese 1609 GMT 29 Mar 91

[Text] Beijing, 29 Mar (XINHUA)—In examining Premier Li Peng's report at group discussions, deputies attending the Fourth Session of the Seventh National People's Congress [NPC] pointed out that adhering to the policy of reform and opening is the most basic force for achieving the second-step strategic goals of socialist construction.

Reports by XINHUA reporters on various NPC delegations' group examinations of the report, told how deputies who personally took part in, and went through the decade-long historic process of reform and opening up explained the significance of promoting reform and opening to socialist construction.

Deputy Ye Xuanping, Guangdong governor, said: Premier Li Peng's report points out that the most notable thing in our social and economic life in the 1980's was reform of the economic system and opening up to the outside world. This truly reflects the crucial point of the past decade. It not only points out what we achieved in the last 10 years, what is more important is that it points out the system under which we made these achievements. Deputy Chen Shiqiang, a peasant of Hubei Province, said changes among peasants were greatest in the 1980's of reform and opening, and that peasants benefited most from the policy. Deputy Zhou Guanwu, secretary of the Shoudu Steel Corporation CPC Committee, pointed out: Reforms have injected new vitality into the Shoudu Steel Corporation. Running businesses on our own, self-stimulation, self-accumulation, self-reform, self-development, and self-restraint have enabled our company to enter a new stage of development. Deputy Bao Keming, vice governor of Hainan Province, said reform and opening enabled Hainan to increase its total social output value by 57 percent, and its total income by 50.8 percent, in five years. He said Hainan's infrastructure had gradually

been improved, laying a concrete foundation for the province's future economic development.

Many deputies pointed out: Without reform and opening, our economy will not develop well, and socialism will be unable to fully demonstrate its superiority and to increase its appeal. The 1990's is a crucial period for China's economic development and reform. Judging from the achievements of reform in the past decade, it is not difficult to contemplate how great a change there will be in our economy in the coming decade, which will be characterized by reforms on a larger scale. Deputy Wu Rong of the Jiangsu Provincial Delegation said: The last decade of this century will impose upon us, more and more urgent needs of reform. Currently, the most urgent task is to invigorate large and medium-sized enterprises and to lay a good foundation for economic development. This requires us to promote personnel exchanges and facilitate material circulation, fund circulation, and information exchange. We must apply ourselves to developing measures to support reform, must use reform as a thrust for economic development, and must ensure a smooth development with reform. Deputy Bai Qingcai of Shaanxi Province said: The key to deepening reform in the coming decade is to update our way of thinking. Currently, many outmoded customs and bad habits are still fettering people's minds. Examination of Premier Li Peng's report helps everyone to deepen their understanding of reform. We should truly integrate the general policies and principles of the party Central Committee and State Council with actual local conditions, carry out work with a creative spirit, and make bigger strides in reform. Deputy Jiang Chunyun of Shandong Province said: Achieving the second-step strategic goals still relies on deepening reform and broadening the scope of opening up. With the explorations of the past few years, we have made relatively great progress in reform and opening; however, in some spheres, our economic system and mechanism are still not working well, and there has been a lack of vitality. As a matter of fact, reform in some areas has not even begun. We should take advantage of the current favorable situation to actively and self-consciously promote work on reform and opening. We should urge people to be bold in making explorations and to be aggressive in putting things into practice. We should continue to adhere to, and improve policies, measures, and regulations that are in line with needs of developing the socialist planned commodity economy, and that contribute to developing social productive forces, and to raising economic quality and efficiency. We should respect the masses' pioneering spirit; we should constantly sum up and popularize good experience at the grass roots.

Jiang Zemin, Li Peng, Li Xiannian, Song Ping, Tian Jiyun, Li Tieying, Qin Jiwei, Liu Huaqing, Yang Baibing, Ye Fei, Wang Bingqian, Song Jian, Chen Junsheng, and Wang Renzhong participated in some delegations' discussions and examinations. Responsible comrades of some ministries and commissions of the State Council

continued to attend some delegations' discussions, make reports to deputies, and answer deputies' questions.

Li Peng Meets With Shandong Delegation

OW3003040591 Beijing XINHUA Domestic Service in Chinese 1623 GMT 29 Mar 91

[Special feature by XINHUA reporters Zhang Sutang (1728 1372 1016) and Liu Haimin (0491 3189 3046): "Shandong Has Plentiful Good Experiences—Sidelights on Premier Li Peng Participating in the Shandong Delegation's Discussion"]

[Text] Beijing, 29 Mar (XINHUA)—"The Shandong delegation consists of a large number of deputies; you have quite a big crowd here," said a smiling Premier Li Peng as he walked into the Shandong room of the Great Hall of the People and looked around at the deputies already gathered there since 1500 this afternoon.

Deputy Li Zhen, chairman of the Shandong Provincial People's Congress Standing Committee, was about to introduce the premier to fellow deputies. Li Peng said with a smile: "No need for introduction. I know many of them." He then called a few by name.

"I have come to listen to you. Please voice your opinions and suggestions about the report."

As soon as the premier started to speak, the atmosphere in the room brightened up, with deputies vying with each other to take the floor.

Among the speakers were Yu Zhengsheng, mayor of Qingdao City; Li Wenquan, secretary of the Weihai City party committee; Liang Shuwei, member of the Shandong Provincial People's Congress Standing Committee; Wang Shufang, its vice chairman; Qin Canshi, researcher of the Shandong Agricultural Science Institute's Cotton Research Center; Yang Bo, member of the National People's Congress [NPC] Standing Committee; Li Diankui, mayor of Dongying City; and Sun Huaxin, a peasant entrepreneur from Laiwu City. They spoke of expanding, opening, invigorating medium- and large-sized enterprises, developing the processing industry and rural enterprises, breeding new cotton strains, and harnessing and utilizing the Huang He.

Li Peng listened attentively to speeches by deputies, jotted down their opinions and suggestions, and interrupted occasionally to ask questions and better understand issues of common concern. Time and again, he turned down the request for a speech, saying: "Let deputies from the grass roots speak. I need only 20 minutes."

At 1700, the deputies asked the premier to make a speech.

Li Peng: "The report on the outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development has centralized the collective wisdom and will become the program guiding our action in the common struggle toward the goal in the next five to 10 years."

"Shandong's fast economic development and relatively good efficiency should be attributed to its climate, geographical advantage, and unity and coordination of the people," Li Peng said delightedly. "Shandong has rich natural resources, such as coal and petroleum. There is great potential for developing Shengli oilfield, the second largest oilfield in the country, second only to Daqing. Shandong is also a major agricultural province, with 70 billion jin grain output and its cotton output ranking top in the country. Besides, the province has steel, iron, light, and textile industries, harbors, and relatively convenient transportation."

Li Peng said: Party organizations in Shandong have attached great importance to ideological and political work while persisting in reform and opening; they have brought into full play their role. Marked achievements have also been made in economic construction and rural industries. In short, Shandong has accumulated rich experiences.

Some deputies suggested that Shandong should develop its economy at a pace faster than the average national level and a few areas in the province should become comparably well off ahead of the schedule. "This can be done," said Li Peng, nodding approvingly of the suggestion. He exhorted the deputies to pay particular attention to correctly handling the relationship between development, reform, and stability. He said: Reform is aimed at promoting development. Evaluation of whether a reform measure is effective lies in whether it can help promote economic development and expand productive forces. Meanwhile, reform should be carried out step by step. The implementation of a reform measure should not cause social upheaval, but should ensure sustained, stable, and coordinated growth of the national economy. Efforts should be made to establish step by step all kinds of social security systems. By so doing, we will have more room for maneuvering while carrying out economic work.

"As in other parts of the country, the question of uneven economic development also exists in Shandong," said Li Peng. "We should allow some regions and segments of the population to become prosperous first. Regions that become prosperous first, however, should assist relatively backward areas. Of course, such assistance should not be given through 'egalitarianism and indiscriminate transfer of resources,' but mainly through technological transfers and other paths leading to common prosperity."

Li Peng suggested: "In my opinion, personnel exchange between the eastern and western regions is a feasible solution. Cadres in the coastal region have a stronger sense of commodity economy and urban management and can bring their expertise to the western region, while cadres from the western region can undergo training in the eastern region."

In response to a deputy's speech on the need to develop the rural industry, Li Peng emphasized: There are numerous merits in developing the rural industry. First, it can increase peasants' income and help them shake off poverty and become well off. Moreover, it can absorb

surplus labor in rural areas, consolidate rural organs of power at the village and township levels, provide social security services, support agriculture with industry, and increase the input into agriculture. It seems that the development of rural enterprises is indeed an effective way, in our experience, of building socialism with Chinese characteristics.

On the question of harnessing the Huang He, Li Peng said: "In the past four decades, the Huang He has basically become a river that benefits the people. Shandong is the province that has made the best use of the river." Li Peng enjoined the deputies: The problems caused by the Huang He have not yet been resolved completely. It is necessary to recognize both the benefit and harm of the river. We should strive to achieve a breakthrough in harnessing the Huang He, which is one of the major questions concerning national stability and development.

Hong Kong Deputy Mourns 4 June Victims

HK3003021391 Hong Kong SOUTH CHINA
MORNING POST in English 30 Mar 91 pp 1, 8

[By Chris Yeung in Beijing]

[Text] In a dramatic move which disrupted a group session during China's National People's Congress [NPC] yesterday afternoon, Hong Kong delegate Miss Liu Yiu-chu observed a minute's silence to mourn the victims of the June 4 crackdown.

The emotional gesture took place during a meeting of the Hong Kong and Macao subgroup in a conference room at the Beijing Hotel.

Sixteen deputies—15 of them from Hong Kong and one from Macao—were to debate Prime Minister Mr Li Peng's Government Work Report.

Miss Liu, a lawyer with close connections to the Beijing leadership, was the only deputy among more than 2,600 attending the current congress to raise the Tiananmen Square question.

High drama gripped the subgroup session only minutes after the debate on Mr Li's report began.

Miss Liu, who was sitting opposite Mr Zhou Nan, Beijing's top representative in Hong Kong, suddenly steered the discussion from economic policy to what she called the "June 4 complex".

Brushing aside the objections of her colleagues, including Mr Zhou, Miss Liu said she was duty-bound as a people's representative to "untangle the June 4 complex" for many sections of the public in Hong Kong, especially the young.

"We have to accept that the 'June 4 complex' is a reality," she said.

"We should dissipate it. I'm convinced my effort meets the wishes of the majority of the people."

"Hong Kong people are concerned about development on the mainland.

"They have participated enthusiastically not just during June 4, but events such as the fund-raising activities for the victims of the Tangshan earthquake," she said.

"Among the one million people who demonstrated, many of them were young people who do not know what to do because of their 'June 4 complex'.

"But time is running short for the sovereignty change-over in 1997.

"We must try to pool together our forces, in particular the young intellectuals, to actively contribute to the preparation of the 1997 transfer.

"I'm going to observe one minute of silence for the soldiers, the students, the innocent civilians and passersby who were on the streets who died or who were hurt.

"It's a great tragedy. I believe my wish reflects those of many people.

"The one-minute-long silence is part of my speech. Please let me finish it.

"Your participation is welcome," Miss Liu said.

Several seconds of silence followed, and Mr Zhou was visibly ill at ease.

Convenor of the discussion, Mr Zhang Jianhua, a former executive with China Resources in Hong Kong, broke the silence, forcing the discussion back to Mr Li's report while Miss Liu was still observing her silent tribute.

Mr Zhang called a short break, after which he said: "How can you say a silent tribute is a speech? I was just sticking to the rules. That's the problem with her. I have no other comment."

And eyeing the 20-odd Hong Kong reporters in the room, an embarrassed Mr Zhou said: "Miss Liu is entitled to express her view freely."

Her move was not seconded by a single delegate. While some declined to comment on the "personal views" of the lawyer, others maintained Hong Kong people should "look forward and set the past aside".

Mr Zhou added: "Delegates are free to express their views. She represents her own. I have nothing more to say."

He did not return to the session after the break.

Deputy Miss Lisa Wang Ming-chuen, a Hong Kong TV star said: "I didn't join it (the tribute).

"I already expressed my feelings over the June 4 events last year. I have no more comments."

Another deputy, Mr Ng Hong-mun, a veteran educationist, said: "We should look forward. Let bygones be bygones.

"It brings no advantage to the country and the people if we keep arguing over the problem."

A pro-China unionist, Mr Cheng Yiu-tong, who also snubbed Miss Liu's call, said: "I think the target of the tribute is not clear. It's open to dispute when we say we should observe the silence for all the people who died in the incident.

"We should draw a lesson from the incident and work for the future," he said.

Despite the cool response from her colleagues, Miss Liu said she was not disappointed.

"Mr Zhang might have misunderstood me. He might think I've had no good intention.

"It's a matter of fact that he interrupted my tribute. But I'm not trying to have more confrontation, but the contrary.

"I just want to let Hong Kong people know that many people of our age, whether they are NPC delegates, or not, share their feelings over the June 4 events.

"It is only that we were not so free to express our feelings, partly because of our age and partly because at that time we were still drafting the Basic Law," she said.

Miss Liu said she had already told her colleagues about her move before the session and had been assured that she "would not cause big trouble".

"I told them I would not observe the silent tribute at a full meeting (at the Great Hall of the People) because I do not want confrontation."

Miss Liu added that she hoped the central Government would grant leniency to some Hong Kong people jailed for their involvement with the democracy movement.

"If that's the case, I think not just the family members of the people jailed, but the public at large, will appreciate that the central Government is humane and reasonable," she said.

In his address, Mr Ng, one of the longest-serving NPC delegates, also made a veiled reference to the June 4 massacre.

"I don't know if the 'social consequences' that Mr Li said had come as a result of the laxity of ideological education in the past decade also included the 'June 4 events.

"If yes, the central Government should draw a conclusion from the events in a bid to strengthen 'spiritual construction'.

Miss Liu also urged the Government to introduce political reforms, adding that "problems should not be settled on the streets".

"I hope Mr Li Peng was sincere when he said political reforms would be developed. The people might be willing to wait for another year or two but not indefinitely," she said.

At the discussion, Mr Cheng urged the Government to review the seven-article ban on news media reporting activities.

Tao Siju Calls For UK Cooperation on Problems

HK3003024591 Hong Kong SOUTH CHINA
MORNING POST in English 30 Mar 91 p 3

[Report by Chris Yeung in Beijing]

[Text] China's Public Security Minister, Mr Tao Siju, has called on the Sino-British Joint Liaison Group to formulate an agreement on judicial cooperation between the territory and the mainland to help solve cross-border law and order problems.

Experts from both sides should discuss matters such as differences in legal concepts and interpretations as well as the exchange of prisoners, he said yesterday.

Mr Tao was speaking after attending a discussion among Guangdong delegates to the National People's Congress.

Local deputy and TV star, Ms Lisa Wang Ming-chuen, told the discussion worsening cross-border crime rates were causing grave concern in Hong Kong.

Mr Tao's comments came just 24 hours after the director of the Hong Kong branch of the NEW CHINA NEWS AGENCY [NCNA], Mr Zhou Nan, urged Guangdong authorities to pay attention to the problem and boost cooperation with Hong Kong.

Mr Tao said differences in legal concepts between the two administrations had affected cooperation.

"It is because they might consider some behaviour as unlawful while we might not, and vice-versa," he said.

"If the unlawful activities occur on the mainland, there ought to be judicial coordination and cooperation.

"For instance, an agreement has to be made if we want the Hong Kong authorities to arrest some people who commit crimes on the mainland. The agreement should be in place both before and after 1997."

Mr Tao said the experts' group on defence and public order under the Joint Liaison Group had mainly been concerned with defence matters, but he hoped the issue of public order would be put on the agenda.

Mr Tao said he hoped the group would study the matter soon.

"Mr Zhou Nan should also study the issue. As a body in Hong Kong, they (the NCNA) should study the issue. We found it difficult to study these problems in Beijing."

The police chief maintained that Guangdong authorities should increase their cooperation with Hong Kong over the problem.

"At present, some Hong Kong people take up some detailed aspects of the problem to Beijing and ask the Central

Government to refer it to Guangdong. Many of those matters do not need to be handled by Beijing," he said.

Mr Tao stressed that preliminary investigations over the smuggling of weapons into the territory found some came from "normal trading of weapons used by the armed police".

He said the weapons had changed hands several times on the mainland before they were smuggled out of the country.

Mr Tao declined to elaborate on any unlawful activities until investigations were completed.

But he insisted no armed police had been found to have been involved in the smuggling of weapons and said police would be penalised even if they lost their weapons.

In her address to Guangdong delegates, Ms Wang had warned that the mass flow of weapons into the territory had damaged public confidence, in particular among the upper and middle classes.

"It poses a psychological threat to them. The problem of smuggling and law and order has affected economic development and the political situation. It has also caused social panic," she said.

Ms Wang urged Guangdong authorities to investigate whether provincial government officials were involved in the unlawful activities.

"As far as I know, the control over weapons is strict on the mainland. Why then are the weapons so easily being smuggled into Hong Kong?"

"Why can't they stop the smuggling activities? Have any relevant departments turned a blind eye to the problem?" she asked.

Deputies From N.E. Provinces Discuss Report

OW3003050291 Beijing XINHUA in English
0246 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—The promise by Premier Li Peng to make the revitalization of large and medium-sized state enterprises the central task for the next decade has brought some hope to the three provinces of northeast China where such enterprises are in great concentration.

The outline of the Ten-Year Program and of the Eighth Five-Year Plan, which gives due attention to the reforms of large and medium-sized enterprises, has shown a way out for the ailing state-owned enterprises and for invigorating the economy in this heavy industrial center of China, some deputies from the three provinces noted during group discussions over the past few days.

There are more than 1,700 large and medium-sized state-owned enterprises in the three provinces of Liaoning, Jilin and Heilongjiang. Liaoning Province alone boasts more than 900 such enterprises.

The failure to carry out some of the reform measures concerning state enterprises, the financial difficulties of the state and runaway inflation over the past few years have plunged these large and medium-sized state enterprises into difficulties. Last year, such enterprises in the three provinces reported an average growth of 0.6 percent, far below the national average, and burdened down with rising costs and extortions [word as received] of all descriptions, these enterprises are fast declining in their economic performance.

These, plus the out-of-date equipment, technology and products, have made it hard for them to fare along [passage as received].

The key to revitalize the big enterprises lies in the retooling of the old enterprises, said Yue Chifeng, governor of Liaoning Province. "Given five to ten years, the retooling of the old enterprises would have gone onto the right track and the old industrial base would have regained its youthful vigor," he said, with full confidence.

But the retooling of the old enterprises needs money and at present neither the state nor enterprises themselves have the financial resources to make sufficient investment. What is the most urgent is to raise funds by all means and from all quarters to "transfuse blood" into the ailing enterprises and adopt measures to lighten their burdens which are too heavy for them to bear, suggested Wu Disheng, mayor of Shenyang City where 1.9 billion yuan worth of products was reported to have piled up in the stocks of large and medium-sized enterprises and the money they retain after tax is hardly enough to sustain their simple reproduction.

Zhang Yu, deputy general manager of the Anshan Iron and Steel Works, one of the largest in China, asked the state for necessary preferential policies to help the large and medium-sized enterprises onto the path of self-development.

The Anshan Iron and Steel Works has endured successive losses for three years. According to the general manager, the state imposes quotas on 93 percent of the products of the works and yet the state does not ensure the supply of the essential raw materials such as coal, electricity and ferro-alloys. To fulfil the mandatory plans, the works has to buy the raw materials from the market at prices much higher than those listed by the state, thus increasing the cost of production considerably.

The deputies from Jilin and Heilongjiang provinces found it instrumental to form enterprise groups.

He Zhukang, secretary of the Jilin provincial committee of the Chinese Communist Party, said that the reorganization and association of large and medium-sized enterprises is the trend of the day.

He said that 76 percent of such enterprises covered by state budgets have formed more than 800 associations of various kinds through optimization and they have been faring better.

Chong Fukui, vice-governor of Heilongjiang Province where there are more than 400 large and medium-sized enterprises, said that his province has planned to form seven enterprise groups this year and bring the total number to 14 in the next five years.

Announced Plan To Boost Number of Schools

HK3003025891 Hong Kong HONGKONG STANDARD in English 30 Mar 91 p 5

[Text] China plans to create an additional 100 universities throughout the country, State Education Commission Minister Li Tieying said yesterday.

Under the plan, all ministerial-level bodies under the State Council and all provincial-level regions will each have to run a university.

This will create an additional 100 universities in the country.

Speaking to National People's Congress deputies from Jiangsu Province yesterday, Mr Li said each county in the country would have to build a high school, a vocational school and a teacher training school.

He said the State Council would summon provincial governors early next month to discuss the plan.

He said the council had been working hard to achieve the target of providing free elementary education to the whole nation by the year 2000. The government would keep increasing the educational fund and teacher salaries.

Despite the country's effort to improve its higher education, more and more university students are dropping out to escape the compulsory five-year stay in the country after graduation before pursuing study abroad, according to educator Guan Jiegu.

Mr Guan, a member of the Chinese People's Political Consultative Conference, said the policy had so far also deterred at least 5,000 high school students from enrolling with the universities that had admitted them.

Deepening Reform Considered One of 'Hot Topics'

OW3003073791 Beijing XINHUA in English 0712 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Deepening the decade-long economic reform has been one of the hot topics at the ongoing annual session of the National People's Congress, the Chinese version of parliament.

During the panel discussions, deputies from across the country briefed each other on the major measures of reform to be taken this year in their respective regions.

Hainan, which became China's 30th province in 1988, is to relax control over prices on grain and means of production this year. It will also impose the bankruptcy system on enterprises after measures for the establishment of a social security system are taken.

Guangzhou, capital of south China's Guangdong Province and one of the pilot cities in carrying economic reform, will focus its new reforms on enterprise management, market, finance, housing and social security. Competition mechanism will be introduced in the management of enterprises while making experiments on the shareholding system.

Fujian Province, in east China, will introduce the shareholding system to more enterprises and exercise a comprehensive pricing system combining the government fixed price with market price.

Shanghai, China's leading industrial and financial center, will delegate to some enterprises full decision-making powers in operation, while pushing forward commercialization of housing and developing enterprise groups.

Beijing will set up several enterprise groups and wholesale markets and introduce the shareholding system to selected enterprises on a trial basis.

Tianjin, a port city in north China, will select a number of enterprises where appointment of officials, employment and distribution are decided by themselves.

Heilongjiang Province in China's northernmost is drawing new measures to revitalize big enterprise.

Hunan Province, one of China's leading grain producer, will develop shareholding cooperative entities in its rural areas.

Peasant Deputies on Achieving Comfortable Life

OW3003143591 Beijing XINHUA in English
0723 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—It is an arduous task to attain a comfortable life in ten years, a goal set in the outline of the 10-year development program and the Eighth Five-Year Plan, but the Chinese peasants are confident of achieving the goal.

The pledge was made by deputies representing peasants from Hubei Province during group discussions over the past few days.

The annual session of the National People's Congress [NPC] has entered its sixth day today. The deputies have been examining and deliberating the report by Premier Li Peng on the development program and the reports by the finance and planning ministers.

"We peasants will play the vanguard in reforms and opening to the outside world and work hard for the realization of a comfortable life which the Chinese peasants have been dreaming for generations," said a few peasants in the Hubei group of NPC deputies.

Zhou Baosheng, a deputy from Guanqiao town of Jiayu county said the blueprint drawn by Premier Li Peng has enabled us to see the bright future of China.

But he said that it is no easy task to achieve the goal of leading a comfortable life in China, especially in the rural areas where the peasants are poorly educated and there is a great regional disparity in earnings.

"But, a review of the achievements over the past decade has boosted our confidence," he added. "Who could imagine 10 years ago that we would have lived such a good life today?" "Now, with the current policy incentives and closer rural-urban relations, we peasants are filled with confidence in working for a much better life in the coming decade," he added.

Chen Shiqiang, a deputy from Sanligang of Suizhou City, said that his fellow villagers told him to tell the government to keep steady in economic development and avoid big ups and downs and take care not to hurt the peasants.

He said that the peasants have a lot of worries both at times of poor harvest and at times of good harvest. When the harvest is poor, the peasants would become victims of "war of purchase" and when the harvest is good, they would find it hard to sell their products. He urged the government to steady its rural policies and adopt effective measures to protect the interests of the peasants.

Party, State Leaders Join Group Discussions

OW3003180891 Beijing XINHUA in English
1505 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—A dozen Chinese party and state leaders attended group discussions with deputies to the current session of the National People's Congress (NPC) today.

The Fourth Session of the Seventh NPC entered its sixth day today. Group discussions on the country's 10-year development program and the Eighth Five-Year Plan started last Wednesday.

Deputies have voiced many suggestions and opinions on different parts of the program and plan, and the important pieces have been published in session bulletins and some in newspapers.

Both Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party and chairman of the Central Military Commission, and Yang Shangkun, president and vice-chairman of the Central Military Commission, joined the army delegation's discussion today.

Meanwhile, NPC Chairman Wan Li joined Beijing delegation's discussion with Minister of Posts and Telecommunications Yang Taifang.

Qiao Shi, member of the Standing Committee of the CPC Central Committee, was with the Shanghai delegation today, saying that economic construction needs a stable environment.

But, he noted, stability does not mean keeping the status quo. It means development in a stable situation.

Also attending group discussions today were Vice-Premier Wu Xueqian, State Councillors Li Tieying, Wang Bingqian and Song Jian, and Director of the Taiwan Affairs Office under the State Council Wang Zhaoguo.

The ongoing Fourth of the Seventh National Committee [as received] of the Chinese People's Political Consultative Conference (CPPCC) held a plenary meeting this morning, when seven members took the floor, speaking on major issues related to the 10-year development program including science and technology, industrial policies, marketing and population.

Yao Guang, spokesman for the current NPC session, gave another press conference this afternoon, at which Chen Jinhua, minister in charge of the State Economic Restructuring Commission, and Li Lanqing, minister of foreign economic relations and trade, answered questions filed by Chinese and foreign correspondents.

It was the first time for the two ministers to meet the press since they took office towards the end of last year.

Jiang Zemin, Yang Shangkun Meet Army Deputies

OW3003175591 Beijing XINHUA in English
1615 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party (CPC), and Yang Shangkun, Chinese president, joined the army delegation to the current session of the National People's Congress (NPC) in panel discussion here today.

While listening to the army deputies' views of China's ten-year development program, Jiang Zemin, also chairman of the Central Military Commission, and Yang Shangkun, first vice-chairman of the Central Military Commission, took notes.

When the discussion turned to the modernization of China's national defense, Jiang said respect for science and weaponry does not mean that weapons alone can decide the outcome of a war.

He pointed out that it is the leadership of the party and the socialist road that make the Chinese people get out of the abyss of darkness and advance from victory to victory.

"We should give full play to the superiority of the socialist system," Jiang added.

Yang Shangkun expressed agreement with Jiang, saying that China's national defense has been strengthened, and it is developing towards modernization.

He pointed out that the Chinese army has its fine traditions, and it has its own strong points and superiority.

"We Chinese officers and soldiers are armed with Marxism-Leninism and Mao Zedong Thought, and they have strong fighting power," he added.

When NPC deputies spoke of the important role of electronic technology in the modernization of national defense, General Secretary Jiang said electronic technology occupies a decisive position in national economic construction and national defense.

He called for determined efforts in this field so as to gain new research results and approach advanced world levels.

"We should continue to observe the principle of self-reliance, give full play to the wisdom and talents of scientific and technological personnel and arouse the enthusiasm of people engaged in scientific and technological research for national defense," Jiang said.

So long as people from all quarters combine their efforts, China's electronic industry is bound to develop rapidly, he added.

Jiang also urged army officers to strengthen political and ideological work, which, he said, is an important guarantee for realizing the second-step strategic objective of quadrupling China's 1980 GNP by the year 2000.

Chen Jinhua 'Sanguine' on Enterprise Losses

HK0104120891 Hong Kong SOUTH CHINA
MORNING POST in English 1 Apr 91 p 7

[By John Kohut in Beijing]

[Text] The head of China's Economic Restructuring Commission, Mr Chen Jinhua, showed his conservative stripes at the weekend in his debut before the foreign press.

As head of China's highest organ for implementing reform, Mr Chen, who took up his portfolio last September, faces a number of monumental tasks, perhaps the foremost of which is overhauling the country's lumbering state-run enterprises, 30 percent of which made losses last year.

The state spent a startling 57.85 billion yuan (HK\$86.37 billion), equivalent to about a sixth of government revenue, to make up for these losses in 1990. Subsidies, which are expected to fall only slightly to 55.7 billion yuan in 1991, had reached the point where "the state Treasury can no longer support them", a beleaguered Finance Minister, Mr Wang Bingqian, said last week.

In contrast, Mr Chen was surprisingly sanguine, skirting questions at a weekend press conference about the enormous enterprise losses, which he said were largely due to temporary factors such as the "sluggish market" rather than deep-seated structural problems.

The situation was not so serious, and, some state-run enterprises "are managed quite well", said Mr Chen, who

became a Communist Party member at liberation and formerly served as a vice-mayor of Shanghai, party secretary at Shanghai's Bao Shan Iron and Steel Complex and general manager of the China Petro-chemical Corporation.

The medicine he prescribed for China's ailing state-run firms was not strong.

He spoke only vaguely about giving enterprises more autonomy from government bureaucrats, developing new markets, rationalising the distribution network and using price, tax, interest rate and exchange rate measures to boost performance.

Mr Chen's cautious approach to reform contrasted sharply with the innovative ideas that used to come out of the Restructuring Commission when it served as an influential think-tank under reformist Communist Party leader Mr Zhao Ziyang, ousted in June 1989.

Mr Chen's remarks were also disappointing for those who might have read into his earlier comments a desire to take bold action.

In an interview a month after being named to his present portfolio, Mr Chen spoke of the need for state-run enterprises to "under-take self-transformation and development".

A diplomat who attended the press conference said: "He (Mr Chen) is under-whelming."

Asked to be more specific about reform measures, Mr Chen referred to a statement from the director of the State Council's Production Committee, Mr Ye Qing, about measures to be taken to help revive the government-run sector.

Those measures offer little in the way of new ideas about restructuring state-run companies.

The programme commits the Government to giving more enterprises direct responsibility over selling their products.

But most measures are designed to give state-run firms even more government financial support through loans at preferential interest rates, grants for technological development, and funds to repay debts.

Diplomats were taken aback that Mr Chen did not seize the opportunity to appropriate the set of measures as his own so as to demonstrate that he was firmly in command of China's reform programme, such as it is.

The fact that it was Mr Ye who announced the plan was itself a signal that the Government was mainly interested in bailing out state-run enterprises financially rather than forcing a shake-up, diplomats said.

"Ye Qing is the exact opposite of reform," a Western diplomat said.

Promotion of Zou Jiahua, Zhu Rongji 'Confirmed'

*HK0104140091 Hong Kong Asia Television Limited
in English 2030 GMT 1 Apr 91*

[From the "main news" program]

[Excerpt] There's been a leadership reshuffle in China. As Fanny Fung reports from Beijing, the foreign minister, Qian Qichen [as heard], and the mayor of Shanghai, Zhu Rongji, have been promoted.

[Begin Fung recording] After much speculation, it's now been confirmed that Shanghai Mayor Zhu Rongji and state planning chief Zou Jiahua will be appointed as vice premiers. Circulars of their appointments made by Premier Li Peng are being examined by delegates to the National People's Congress and will be endorsed by the parliament next week.

Both Mr. Zou and Mr. Zhu have long-standing experience in handling economic matters. Sixty-four-year-old Mr. Zou is the mastermind behind China's economic development plan for the next five years, while 62-year-old Mr. Zhu is well known for his economic achievements in Shanghai.

Analysts say that the appointments show that China is determined to continue with its economic reforms and its open-door policy. It is believed that the reshuffle was planned last year but was withheld as China was still recovering from the trauma of the June 4th events.

The appointments are generally welcomed by delegates to the congress. The governor of Guangdong, Ye Xuanping, says he is confident that the new leaders will be capable of steering the country towards its economic goals. [passage omitted] [end recording]

Deputies Examine Reviving Enterprises

*OW0204143391 Beijing Domestic Service
in Mandarin 2300 GMT 1 Apr 91*

[From the "Topic for Today" program]

[Excerpts] Listeners: You may be teachers, performers, or writers; you may be servicemen, peasants, or businessmen, but no matter how your jobs differ from industrial production, and even if you are not interested in industry, your interests and needs are closely related to the need to revive large and medium-sized enterprises, as pointed out by Premier Li Peng at the Fourth Session of the Seventh National People's Congress [NPC].

This is easy to understand. Economic support and lots of money are needed to develop all types of services and improve people's livelihoods. As the state's mainstay industry, large and medium-sized enterprises are the main source of state revenues. The profit taxes they deliver to the state each year account for two-thirds of all profit taxes the state will collect each year. [passage omitted]

What is the state of affairs in large and medium-sized enterprises today? During an interview with station reporters Fu Mingye and Fang Xiaojia, Yan Chengzong, NPC deputy and chairman of the Beijing Municipal Economic Commission, said:

[Begin Yan recording] A small number of the large and medium-sized enterprises are alive, like the Shoudu Iron and Steel Company [words indistinct], but there are also some which are virtually dead [words indistinct] owing to years of operating in the red. A considerable number of them are lifeless but not yet dead. The percentages of such enterprises are very great. On the whole, large and medium-sized state-operated enterprises are lifeless. [end recording]

According to Deputy Yan, there are many causes of lifelessness in large and medium-sized enterprises, but the primary ones are: First, they do not have operating autonomy and cannot compete in the market. Second, they are not responsible for their own profits and losses, and, since everything is prearranged, they do not have to take risks. However, this makes it difficult to rouse workers' enthusiasm for production. [passage omitted]

While products are important to large and medium-sized enterprises, their prices are rigid. As a result, prices of many products cannot reflect their actual values. Personnel management is also very rigid. Any person, once he is hired by an enterprise, is assured of lifelong employment no matter what he does. Moreover, when an enterprise loses money, it still has to pay wages and bonuses, even if it has to borrow. [passage omitted]

The equipment of some enterprises, some of it in use for decades, remains in service and works like old horses. Take Liaoning, for example. Of the 941 large and medium-sized mainstay enterprises in this province, which have contributed significantly to national construction, most were built during the 1950's or 1960's and most never upgraded their technology. Today, 30 percent of Liaoning's industrial equipment is from the 1940's, 60 percent from the 1950's and 1960's, 10 percent from the 1970's and 1980's, and only 7.2 percent up to advanced international standards. Although 60 percent of the equipment in the well-known Jinxi Cement Plant has depreciated, it is still in service. When subterranean water seeped through the ground as factory foundations sunk, the factory, to meet its production quotas, continued to operate by raising the floor time and again. Consequently, the lintel of the door is only 1.2 meters from the floor, and workers have to bend over to enter and exit. There are many such enterprises among the 10,000 large and small enterprises in the country. [passage omitted]

In group discussions over the past few days, NPC deputies and members of the Chinese People's Political Consultative Conference [CPPCC] National Committee have analyzed reasons for the lifelessness of large and medium-sized enterprises from various angles. While there are well over 100 causes altogether, there are only

two most basic ones. First, enterprises are restrained by unfavorable external conditions and by unsound enterprise-state relationship, and, second, poor management. How can these problems be solved? According to Chinese medical principles, each patient should be diagnosed and treated individually. This means that specific issues should be analyzed and dealt with specifically. When this principle is applied to reviving large and medium-sized enterprises, it means that each enterprise should be treated individually. There are, of course, some principles that can be shared.

The NPC deputies and CPPCC National Committee members have prescribed many means for reviving large and medium-sized enterprises. The ideas of Chen Bingqian and three other CPPCC National Committee members are representative. There are two fundamental ideas. First, enterprises should be untied and gradually be given the power to operate independently, and, second, efforts should be made to improve enterprise management.

With regard to giving enterprises the power they need, Chen Bingqian and other three CPPCC National Committee members proposed that all departments, from those in the upper levels to those at the grass roots, should reduce the burdens they have imposed on enterprises; banks should readjust credit rates for enterprises in accordance with changes in the market and economic environment; and great efforts should be made to eliminate unauthorized prorations, and retention of profits, levies, and fines, so that enterprises do not have to shoulder extra burdens in addition to paying taxes. Moreover, they proposed to raise the depreciation rates of fixed assets so that enterprises will have greater means for upgrading technology. Finally, they proposed that as the nation opens wider to the outside world, major enterprises should be given some independent authority.

On improving enterprises' management, Chen Bingqian and others put forth six proposals. Essentially, they proposed that enterprises should arouse workers' enthusiasm and their initiative as much as possible through establishing a democratic management system, formulating necessary rules and regulations, and improving the distribution system. [passage omitted]

Peng Chong Delivers Report on Committee Work

Discusses Principles of Legislation

OW0204012391 Beijing XINHUA in English
0111 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—China should base legislation on its practical conditions while drawing on useful experience of foreign countries.

Peng Chong, vice-chairman of the Standing Committee of the National People's Congress (NPC), said this in a report on the work of the NPC Standing Committee at a plenary meeting of the ongoing NPC annual session here today.

The parliament leader also listed the following principles in legislation:

- To legalize, in accordance with the Constitution, successful experience accumulated in reform and opening to the outside world so as to safeguard and promote the development of socialist modernization, reform and opening;
- To recruit legal experts and people with practical experience for the drafting of laws and heed opinions from all quarters, especially different views;
- To make provisions in laws clear-cut and concrete so that they can be easily understood and accurately implemented.

Peng said the Chinese legislature, which has a heavy task in the next decade, will focus its attention on the following six aspects:

- Laws concerning macro-economic regulation and control including planning, budget, banking, investment, corporation, pricing, labor and maritime affairs.
- Laws concerning scientific, technological and educational development including scientific progress, education and teachers.
- Laws to protect the basic rights of the citizens including publication, press, association, trade unions, appealing, state compensation, and the interests and rights of women, children and equality of ethnic minorities.
- Laws concerning the perfection of the people's congress system including supervision and deputies to the people's congress.
- Laws concerning fighting corruption and bribery and promoting the building of a clean and honest government.
- Laws concerning the strengthening of national defense and the armed forces.

Peng Chong said that the NPC Standing Committee will make plans for the legislative work with special NPC committees doing the actual work.

Says Bodies To Strengthen Supervision

OW0204015491 Beijing XINHUA in English
0116 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—Chinese legislators will strengthen their supervision over administrative, adjudication and procuratorial work while enhancing supervision over law enforcement.

Peng Chong, vice-chairman of the Standing Committee of the National People's Congress (NPC), made this announcement in his report on the work of the NPC Standing Committee at a plenary meeting of the ongoing NPC session here this morning.

With the formulation of more statutes concerning supervision, he said, the work of supervision must be standardized.

Peng said that over the past year the NPC Standing Committee and special committees enhanced their supervision over the enforcement of laws and ordered departments concerned to rectify problems and violations in law enforcement.

It was learned that the NPC special committees sent study groups to various parts of the country to investigate the enforcement of nearly 20 laws covering such fields as regional autonomy of ethnic groups, election, organization of village committees, enterprises, marriage and crime.

Peng Chong said that progress was also made in the supervision by the NPC Standing Committee over administrative, adjudication and procuratorial work in the past year.

In 1990, he said, the NPC Standing Committee heard eight reports delivered by the State Council and departments concerned. They included the report by Premier Li Peng on the international situation and his visit to three Southeast Asian countries, as well as reports on agriculture, science and technology and forestry given by other officials of the State Council.

He said that in future the Standing Committee will strengthen the examination of administrative rules and regulations drawn up by the State Council and localities and revoke or order revoking those running counter to the Constitution and state laws.

Meanwhile, Peng Zhong said, the Standing Committee will accept and handle complaints from citizens about the violation of the Constitution and laws and step up supervision over violations of laws by government functionaries.

"No matter who breaks the law," he said, "correction must be made and punishment meted out according to law."

Peng disclosed that the Standing Committee will enhance supervision in the near future over the implementation of the Eighth Five-Year Plan, efforts to reduce deficit, pricing, taxation, the building of a clean and honest government and public security work.

Discusses People's Congress System

OW0204013291 Beijing XINHUA in English
0121 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—Peng Chong, vice-chairman of the Standing Committee of the National People's Congress (NPC), said here today that what is most important in promoting political reform and building socialist democratic politics in China is to uphold and perfect the system of people's congress.

He made the remark in delivering a report on the work of the NPC Standing Committee at the current NPC session here this morning.

According to the Chinese Constitution, the NPC and the local people's congresses at different levels are the organs

through which the people exercise state power, and they are formed by democratic election.

Practice since 1949 and particularly over the past ten years has shown that as the basic political system, the system of people's congress is suited to China's conditions, he noted.

This system, Peng Zhong said, can not only ensure all people to exercise state power and bring the people's initiative into full play, but also facilitate the division of labor and cooperation between the state organs of power and the effective organization of socialist construction.

He said, "We must oppose the bourgeois tendencies of negating the system and advocating the parliamentary road as in the West."

On the other hand, he pointed out some departments and units do not respect the system of people's congress and regard people's congress exercising power as "standing in the way".

Peng Zhong criticized leaders of some units for forcing voters to vote for somebody.

He said, "These doings violate the Constitution and laws and must be corrected."

He stressed that all state organs and functionaries must strictly abide by laws, respect and protect the citizens' freedom, democracy and other rights provided for by laws.

He said, "The construction of the state organs of power at different levels should be strengthened in line with the principle of democratic centralism so that people's congresses at various levels and their permanent bodies will be truly authoritative organs of power."

XINHUA 'Highlights' 8th 5-Year Plan Draft

Part One

OW0204030791 Beijing XINHUA in English
0241 GMT 2 Apr 91

[General Introduction—First of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—Following is the general introduction to the draft outline of China's Eighth Five-Year Plan for National Economic and Social Development (1991-1995) expected to be adopted at the current annual session of the Seventh National People's Congress for examination and approval.

The document is drafted by the State Council in line with the proposals put forward by the Central Committee of the Chinese Communist Party toward the end of last year.

It is divided into eight parts.

The first part outlines the basic tasks for the coming five years and the anticipated economic growth rate and the main targets for the overall economic performance, national income and distribution, financial revenue and credit lines.

The second part has 12 chapters, dealing with the tasks and policies for developing agriculture, and energy, communications, raw materials, electronics and machine-building industries and national defence.

The third part has seven chapters. It deals with the distribution and policies for regional economic development covering coastal areas, the hinterland, regions inhabited by minority nationality and less-developed areas. It also deals with regional economic cooperation and coordination.

The fourth part outlines the tasks and policies for the development of science, technology and education.

The fifth part is on foreign trade, utilization of foreign investment and introduction of technology and development strategies for special economic zones, open coastal cities and open areas.

The sixth part is on the tasks and measures for restructuring the economy.

The seventh and eighth parts are on policies for improving the living standards of the people and consumption, for advancement in socialist culture, democracy and legal system.

Part Two

OW0204032091 Beijing XINHUA in English
0244 GMT 2 Apr 91

[Basic Tasks for 1991-1995—Second of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—The following are eight basic tasks set in the draft outline of the Eighth Five-Year Plan (1991-1995) to be adopted at the current session of the Seventh National People's Congress:

- Maintain a basic balance between total supply and total demand and improve economic performance and promote an appropriate growth while controlling inflation;
- Readjusting economic structure to change the imbalance between agriculture and industry and between basic industries and processing industries;
- Carry out technical transformation of enterprises, especially large and medium-sized ones and strengthen key construction projects for basic industries;
- Optimize the structure of income and distribution, reduce state subsidies and increase state financial revenue, control the size of credit and the issuing of money;

- Promote development of science, technology and education;
- Open wider to the outside world, expand foreign trade and introduction of investment, technology and personnel;
- Carry out reforms in all fields that will keep in step with the central tasks of revitalizing large and medium-sized state enterprises and improve their management;
- Strive for progress in society in an all-round manner, strictly control population growth, increase job opportunities, improve the life of the people, develop culture, health and sports, protect the environment and strengthen national defence.

Part Three

OW0204030491 Beijing XINHUA in English
0245 GMT 2 Apr 91

["Economic Growth—Third of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—The draft outline of the Eighth Five-Year Plan for National Economic and Social Development (1991-1995) has set the following targets for the growth of the national economy and major sectors in the coming five years:

- GNP is to grow at an average annual rate of about 6 percent, with the total amount to reach 2,325 billion yuan by the end of 1995, 33.6 percent more than in 1990, calculated according to the 1990 price.
- Gross agricultural output value is to grow at an average annual rate of 3.5 percent to reach 878 billion yuan by the end of the five-year period, 18.9 percent more than in 1990.
- Gross industrial output value to grow at an average annual rate of 6.5 percent to reach 3,270 billion yuan, 37.1 percent higher than in 1990.
- Tertiary industry is to grow at an average annual rate of 9 percent, 53.9 percent higher than in 1990.

Part Four

OW0204031591 Beijing XINHUA in English
0248 GMT 2 Apr 91

["Tasks for Improving Overall Economic Performance—Fourth of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—Following are the tasks and targets for improving the overall economic performance of the national economy set in the draft outline of the Eighth Five-Year Plan for National Economic and Social Development (1991-1995) expected to

be adopted at the current annual session of the Seventh National People's Congress:

- All trades and services are required to improve their economic performance and make the work of raising quality of products the first and foremost task;
- Principle industries are required to raise the proportion of products made according to international standards or advanced foreign standards from the current 30 percent to about 50 percent;
- Reduce the energy consumption for every 10,000 yuan of GNP from 1990's 9.3 tons of standard coal to 8.5 tons;
- Industrial enterprises covered by state budget are required to shorten the period of turnover of working capital from 1990's 127 days to 95 days.

Part Five

OW0204031391 Beijing XINHUA in English
0250 GMT 2 Apr 91

["Targets for National Income—Fifth of a Series on Highlights of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—Following are the targets for national income set in the draft outline of China's Eighth Five-Year Plan for National Economic and Social Development (1991-1995) expected to be adopted at the current annual session of the Seventh National People's Congress:

- The part of national income used for production is set to grow at an average annual rate of 5 percent to reach 1,825 billion yuan by 1995 or 27.6 percent more than 1990's, which was 1,430 billion yuan;
- The part of national income used for consumption is to reach 8,105 billion yuan;
- The five-year total of state investment in fixed assets is to reach 2,600 billion yuan, averaging an average annual growth of 5.7 percent;
- The national level of consumption by residents is planned to grow at an average annual rate of three percent in the coming 5 years.

(All the figures are calculated according to constant prices of 1990.)

Part Six

OW0204032191 Beijing XINHUA in English
0256 GMT 2 Apr 91

["Targets for Financial Revenue—Sixth of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—Following are the targets set in the draft outline of the Eighth Five-Year Plan for National Economic and Social Development (1991-1995)

expected to be adopted at the current annual session of the Seventh National People's Congress:

- Financial revenue from domestic sources is planned to grow at an average annual rate of 6.1 percent;
- Domestic expenditure will increase at an average annual rate of 5.7 percent, to be used mainly in agriculture, education, science, national defence and key state construction projects;
- Total amount of loans is to increase at an average annual rate of 12 percent, of which working capital loans will increase by 11.7 percent annually and loans as investment in fixed assets will grow at an average annual rate of 15.3 percent.

Part Seven

OW0204032291 Beijing XINHUA in English
0258 GMT 2 Apr 91

["Agricultural Development—Seventh of a Series on Highlights of Draft Outline of China's Eighth Five-Year Plan"—XINHUA headline]

[Text] Beijing, April 2 (XINHUA)—Following are the targets for major agricultural produce set in the draft outline of the Eighth Five-Year Plan for National Economic and Social Development (1991-1995) expected to be adopted at the current annual session of the Seventh National People's Congress:

- Average annual grain output will be 447 million tons, 8.2 million tons more than the annual average in the previous five-year plan period (1986-90);
- Average annual cotton output will be 4.64 million tons, 120,000 tons more than the annual average in the previous five-year plan period;
- Average annual output of oil-bearing crops will be 17.26 million tons, 560,000 tons more than in the previous five-year plan period;
- Average annual output of sugar-bearing crops will be 73.72 million tons, 2.5 million tons more than in the previous five-year plan period;
- Output of meat is to reach 30 million tons by the end of 1995, two million tons more than the 1990 figure;
- Output of aquatic products is to reach 14.5 million tons by the end of 1995, 2.32 million tons more than the 1990 figure.

Peng Chong Reports on Standing Committee Work

OW0204034491 Beijing XINHUA in English
0318 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—The current Fourth Session of the Seventh National People's Congress (NPC) held a third plenary meeting here today to hear a report on the work of the NPC Standing Committee and explanations

of draft revisions of the civil procedural law and of a draft income tax law concerning foreign-funded enterprises.

In his report to the meeting, Peng Chong, vice-chairman of the NPC Standing Committee, said that since last session of the NPC, the Standing Committee has conscientiously performed its duties as provided for by the Constitution and made progress in developing socialist democracy, perfecting the legal system, promoting economic rectification and furthering China's political, economic and social stability.

He said that in the past year, while working on legislation and supervision over the implementation of laws, the NPC Standing Committee has enhanced supervision over the work of administrative, adjudicative and procuratorial organs.

The NPC Standing Committee has passed eight laws and four legal decisions and approved six international pacts and diplomatic treaties to which China is a party.

In addition, Peng Chong said, the Standing Committee has also enhanced its guidance over the elections of deputies to people's congresses at the county and township levels which lasted for over a year, and further closed its ties with the people's deputies and the masses and improved the inspection work by the deputies and Standing Committee members.

He noted that the elections at the county and township levels marked a great event in China's political democracy. A large number of competent persons who enjoy popular support and trust were elected into the organs of power at those levels. This is something of far-reaching significance in China's political life.

The letters department of the NPC Standing Committee has handled more than 70,000 people's letters and received more than 13,000 visitors and has helped correct 144 false and wrong cases.

Peng Chong said that as an important part of China's diplomatic work, the NPC's exchanges with parliaments in other countries have also made progress in the past year.

He also spoke of the NPC Standing Committee's work in the near future, which includes persistence in and improvement of the system of people's congress in a bid to promote socialist political democracy with Chinese characteristics, speedier legislation to ensure a smooth development of reform and opening, and stepped-up supervision.

Wang Hanbin, vice-chairman of the NPC Standing Committee and chairman of NPC Law Committee, made an explanation of the draft revisions of the civil procedural law already implemented for nine years on a trial basis.

The revised version expands the civil procedural law from 205 articles to 271.

Wang said that the new version maintains the basic contents of the original law and amended those provisions that concern the handling of economic cases to suit the need of reform and opening and the growth of a socialist commodity economy, and solution to the difficulties in filing lawsuits and executing judgements.

At today's meeting, the draft law of the People's Republic of China concerning the income tax of foreign-funded enterprises and foreign enterprises was officially submitted by Premier Li Peng to the NPC session for examination.

The new law was formulated by incorporating the income tax law concerning foreign-funded enterprises and the income tax law concerning foreign enterprises, promulgated respectively in 1980 and 1981.

It was done in the principle of neither increasing tax burden, nor reducing tax breaks for foreign-funded enterprises in China as compared with the two original laws.

In his motion, Premier Li Peng said that the new tax law aims at promoting opening to the outside world and further improving the investment environment for foreign businessmen.

Wang Bingqian, state councillor and minister of finance, made an explanation of the draft law at the meeting.

Government Revising Civil Procedures Law

OW0204034591 Beijing XINHUA in English
0325 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—China is now revising its Law of Civil Procedures which has been implemented on a trial basis for nine years so as to deal with a sharp increase in economic disputes as a result of the deepening of reform and opening and the development of a socialist commodity economy.

The draft revisions have been submitted to the present session of the seventh National People's Congress (NPC) for deliberation.

Wang Hanbin, vice-chairman of the Standing Committee of the NPC and chairman of the Law Committee of the NPC, made an explanation of the draft revisions to the current NPC session today.

Wang said that the Law of Civil Procedures, one of the most important basic laws in China, is of great significance to protecting the legal civil rights and interests of citizens, legal persons and other organizations, maintaining social stability, promoting improvement and development of the order of the socialist commodity economy and ensuring smooth progress of the reform and opening and of the socialist modernization drive.

He said that the basic principles and procedural system of the law, which has been implemented on a trial basis since 1982, are correct, and the specific stipulations of the relevant procedures are practical.

However, with progress in reform and opening, development of the commodity economy, sharp increase in economic disputes and formulation of the general principles of civil law, other important civil laws and laws concerned, it is necessary to make corresponding revisions or supplements to the law of civil procedures.

The draft revisions submitted to the current meeting has 271 provisions, compared to 205 provisions in the original version. The draft has been twice submitted to the Standing Committee of the NPC for deliberation.

The draft maintains the basic content of the original law. The main revisions include adding some stipulations about economic cases to meet the needs of reform, opening and development of the commodity economy, increasing procedural stipulations in line with the general principles of civil law and other entity laws, and supplementing corresponding stipulations to deal with the difficulties in filing suits, disputes over terms of reference and difficulties in law enforcement.

In his 16-page explanation, Wang Hanbin elaborated the basic principles, terms of reference, litigants, evidence, mediation, supervision procedures, debt payment procedures in case of bankruptcy and supervision over civil lawsuits.

He said that the principles contained in the revised version are independent handling of civil cases by the court, equal right to the litigants, mediation on a voluntary and lawful basis, and the institution of collegiate, withdrawal, public trial and two-instance trial systems.

According to the revised version, citizens of all nationalities are entitled to using their own languages in civil cases, and the litigants have the right to defense provided that they do not harm national and social interest or violate legal provisions.

Wang added that the people's procuratorates have the right to exercise legal supervision over the handling of civil cases by the court.

He also explained the provisions of civil procedures involving foreign parties. This draft law also applies to foreign nationals, stateless persons and foreign enterprises and organizations in China, and the latter enjoy the same rights and obligations as their Chinese counterparts when they file lawsuits at Chinese courts.

Foreign-Funded Enterprises Tax Law Deliberated

OW0204034891 Beijing XINHUA in English
0337 GMT 2 Apr 91

[Text] Beijing, April 2 (XINHUA)—China's new income tax law concerning foreign-funded and foreign enterprises was submitted today to the current session of the Seventh National People's Congress (NPC) for deliberation.

In his motion to submit the new law, Premier Li Peng said that China promulgated the income tax law concerning Sino-foreign joint ventures and the income tax

law concerning foreign enterprises in 1980 and 1981 respectively. With deepening and development of reform and opening to the outside world, some imperfection surfaced in practice and some provisions cannot suit the changing situation.

To solve the problems properly, the Ministry of Finance has drafted the draft law on the basis of extensive investigation and study and summing up practical experience.

The draft law of the People's Republic of China concerning the income tax of foreign-funded enterprises and foreign enterprises has been twice deliberated by the Standing Committee of the NPC. The State Council has further revised the draft in accordance with opinions of the NPC Standing Committee.

Explaining the draft law at today's meeting, Wang Bingqian, state councilor and minister of finance, said that the draft income tax law follows the principle of not increasing tax burden and not reducing tax breaks, retaining the practical and widely accepted provisions in the original law, while rationally reinforcing some provisions in line of international practices.

Wang Bingqian said that integrating the two income tax laws and formulating the uniform law is another "practical and effective measure" to improve the investment environment for overseas businessmen after China revised the law governing Sino-foreign joint ventures in April of 1990. It further proves China's persistence on the reform and open policies.

He said that the crux matter of any tax law is the definition of tax rates.

The draft law adopts the proportional tax rate instead of progressive rates, Wang said, because the former is simple and clear, makes the investors easier to do feasibility analysis and prediction of the investment returns and avoids tax rate fluctuations caused by changes in price and foreign exchange rates.

According to the 30-article draft law, foreign-funded enterprises and institutions and other firms set up in China by foreign enterprises shall pay an income tax equivalent to 30 percent of the income from production or operations and a three percent local income tax. This corresponds with the tax charged on joint ventures in China. In foreign countries, the income tax rate imposed on firms generally ranges from 30 to 40 percent.

On preferential treatment of taxation, Wang Bingqian said that all the preferential tax rates the State Council has granted in recent years are confirmed in the draft law.

Moreover, the draft law has expanded the range of tax reduction and exemption from the limited low-interest industries such as agriculture, forestry and animal husbandry to other productive projects and extended the term of tax reduction and exemption. This practice will help encourage overseas businessmen to invest in productive projects and reflect China's industrial policies, Wang said.

He also elaborated terms of the income tax law, prevention of tax evasion by transferring profits among relevant enterprises, and the connection between the new and existing tax laws.

CPPCC

Li Xiannian Meets Hubei NPC, CPPCC Members

OW2903161291 Beijing XINHUA in English
1155 GMT 29 Mar 91

[Text] Beijing, March 29 (XINHUA)—Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met at his residence in Zhongnanhai with some 50 members of the CPPCC National Committee and deputies to the current session of the National People's Congress (NPC) from central China's Hubei Province here today.

In a hearty conversation, Li, a native of Hubei, urged the visitors to make a success of the ongoing NPC and CPPCC sessions which will decide the course of China's development in the next decade.

He stressed, "It is socialism, not capitalism, that can save and develop China. This is a historical experience we learned at the price of millions of people who gave their life from the Opium War in 1840 to 1949 when New China was founded."

To build socialism with Chinese characteristics, Li said, the most important thing is unity, unity at the central and provincial levels and unity of all ethnic groups. "With unity, we can go in for socialist modernization, reform and opening with one mind and one heart," he asserted.

Referring to the central leadership of the Chinese Communist Party, Li Xiannian said, "The current central leadership of the CPC with Comrade Jiang Zemin at its core is a Marxist leadership and commands the support of the people of the whole country. The State Council led by Premier Li Peng is trustable."

Chen Minzhang Stresses Prevention in Health Work

OW2903180791 Beijing XINHUA in English
1446 GMT 29 Mar 91

[Text] Beijing, March 29 (XINHUA)—The emphasis of China's medical and health work in the 1990's will be put on prevention, the rural areas and the revitalization of traditional medicine so as to reach the goal of health for all as called for by the World Health Organization (WHO), Minister of Public Health Chen Minzhang said here today.

Chen joined the group discussions of medical and health workers attending the current session of the Chinese People's Political Consultative Conference [CPPCC] which opened on March 23.

Despite progress made in the medical and health work over the past few years, the health minister said, infectious, endemic and occupational diseases and many preventable diseases are still threatening the health of the public. The incidence of venereal diseases (VD) is on the increase and the dreaded AIDS has also found its way into China, with the hidden danger of spreading.

All this called for the intensified implementation of the "prevention first" principle in medical and health work in the 1990's and the strengthening of health supervision and the treatment and control of infectious, endemic and occupational diseases, he said.

The minister called for the consolidation and development of the three-tiered network at the county, township and village levels for health care and disease prevention in the rural areas where the health of the workforce is vital to the national economic development.

He said that active efforts should be made to carry forward and develop the traditional Chinese medicine, including medicines of various minority nationalities. They should be treated equally as the Western style medicine and both should be encouraged to benefit the health of the Chinese citizenry, the health minister stressed.

These efforts combined, the minister said, will effectively control the factors affecting the health of the people and raise the indices of health of the Chinese nation by 2000 to the level of developed countries at the beginning of the 1990's and raise the average life expectancy of the people to 71 years.

Vice Chairmen Speak at 30 March Plenum

OW3003041591 Beijing XINHUA in English
0255 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—A democratic party leader today called for greater respect for knowledge and scientists, saying that science and technology is of strategic importance in China's modernization drive.

Professor Lu Jiaxi, chairman of the Chinese Peasants' and Workers' Democratic Party, made this remark at a plenary meeting of the current Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

To achieve China's second-step strategic objectives of quadrupling the 1980 GNP by the year 2000, he said, the improvement of economic performance must be taken as the central task and the development of science and technology should be given strategic attention.

He noted that the departure of economic development from scientific and technological research results has constituted a pressing problem. It is imperative to deepen economic reform and establish and improve the

system to assess scientific and technological achievements and a mechanism for the distribution of interests conducive to the development of science and technology in enterprises.

Lu, former president of the Chinese Academy of Sciences, also called for greater efforts to promote the research of high-tech and develop the research of basic science in a sustained and coordinated way.

Lu is one of the seven speakers at the meeting. Their speeches covered a wide range of topics from industrial policy, grain market, money market to family planning.

Wang Xinrang, chairman of the CPPCC Liaoning provincial committee, dwelt on the question of grain markets, saying that circulation system of farm produce should reformed to strengthen the capacity of macro-regulation and control and open grain markets.

He suggested removing the quotas for purchase of grain from peasants by the state at a low price, raising agricultural tax rates and changing the indirect subsidies of grain and oil for urban residents to direct subsidies.

Xu Shaopu, chairman of the Liaoning provincial committee of the CPPCC, suggested that the technical renovation of old enterprises be included in the 10-year program and the Eighth Five-Year Plan.

He urged the State Council to designate departments concerned to work out schemes and regulations to speed up the reform of large and medium-sized state-owned enterprises. He also suggested effective measures and preferential policies to promote the development of old industrial bases.

In his speech, Wan Guoquan, vice-president of the the Central Committee of the China Democratic National Construction Association, promised to launch a campaign to make contributions to "the year of quality, variety and economic performance" in his association with economists as its body.

He said this campaign will be centered on such fields as technical renovation, enterprise management, quality improvement, products development and economic efficiency.

Lin Jiamei, advisor to the China Children Development Center, suggested strengthening the leadership of and adopting comprehensive measures for family control in her speech on behalf of 12 fellow CPPCC members.

She noted that there will be 322 million women at child-bearing age in the 1991-1995 period, 8.2 percent up from that of the previous five years. Of them, 121 million will be in the prime of their life in the next five years, 16.4 percent over the previous five years.

Noting that the control of population growth is an overall comprehensive project, she said the departments concerned should dovetail their measures to ensure complete success in family planning.

Wong Hak-lap, chairman of Hong Kong Tai Ching Co., and Yu Jianting, former vice-minister of Light Industry, put forward suggestions on industrial policies and money market operation.

Today's meeting was chaired by Pagbalha Geleg Namgyai, Wang Guangying, Qian Weichang and Hou Jianruo, vice-chairmen of the CPPCC National Committee. Zou Jiahua, state councillor and minister in charge of the State Planning Commission, and other government officials were present at the meeting.

Hong Kong Member Examines Financial Market

OW3003181291 Beijing XINHUA in English
0700 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Developing stock exchanges with Chinese characteristics and further opening the financial market is an urgent question to be resolved, an entrepreneur from Hong Kong said here today.

Wong Hak-lap, member of the Standing Committee of the National Committee of the Chinese People's Consultative Conference (CPPCC) and chairman of the Hong Kong Tai Ching Co., delivered a speech on opening China's financial market at a plenary meeting of the current Fourth Session of the Seventh CPPCC National Committee here today.

He praised recent establishment of stock exchanges in Shanghai and Shenzhen.

Wong, 81, who has been engaged in financial work for dozens of years, said that establishment of stock exchanges in China and opening the financial market to the outside world can collect idle funds from the society and attract overseas funds for China's economic development.

The development of financial market, he reasoned, can reduce the growing pressure on the government resources and also promote reform and management of enterprises, upgrading technology and improving economic performance through supervision of private share-holders.

Wong put forward the following suggestions on trading in securities:

- formulating regulations governing securities trading in accordance with the law of the market, allowing the market to play its role and reducing administrative interference;
- setting up standardized accounting system and publicizing the accounting results regularly;
- establishing the system of the boards of directors which lead the listed companies with the directors elected by share-holders;
- setting up securities trading supervision bodies to ensure fair competition; and

—training personnel, developing financial consultant services for the public, strengthening ties with overseas financial centers, introducing foreign expertise and learning from their experience and lessons.

Wong Hak-lap said that the rapid economic development in the Asian-Pacific region is closely related to active stock exchanges.

He pointed out that as long as the government holds the decisive portfolio, issuance of shares by state enterprises will have advantages and no harm at all.

However, he warned the departments involved not to open any stock exchange in a hurry. They must make full preparations beforehand, he added.

Zheng Hongye Views Taiwan Economic Cooperation

OW3003181191 Beijing XINHUA in English
1450 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—The Chinese mainland and Taiwan should strengthen their economic cooperation, especially in this turbulent and changing world of the 1990's and work together for the bright future of a prosperous and strong Chinese nation, said a senior Chinese trade official here today.

Zheng Hongye, chairman of the China Council for the Promotion of International Trade, expressed the strong desire during an interview with XINHUA during an interval of group discussions of the members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) now in session.

Zheng, a member of the CPPCC National Committee, said that the 10-Year Program for Social and Economic Development and the Eighth Five-Year Plan now under discussion will create many opportunities for economic exchange and cooperation between the mainland and Taiwan for a long time to come.

Zheng, also chairman of the mainland economic and trade coordination committee for two sides of the Taiwan Straits, told XINHUA that he was impressed with the keen interest shown by industrialists and business people from Taiwan in the development of the Pudong area in Shanghai. The trade official accompanied industrialists and business people from Taiwan on a tour of the new Pudong area in mid-March. The tour, he added, has fired their burning desire to join in the large scaled development and construction projects and boosted their confidence in investing on the mainland. The mainland enjoys political stability and rich natural and human resources and it has a huge market, capable of absorbing a huge amount of investment from Taiwan, he noted.

In the context of the increasingly acute international competition, the economic cooperation and exchanges between the mainland and Taiwan, Hong Kong and Macao seem to have added importance. It will not only benefit common development and progress and facilitate

the peaceful reunification of the motherland, but also have a great impact on the economy of the Asia-Pacific region and the world as a whole.

According to Zheng, investment and trade between the Chinese mainland and Taiwan have grown apace in recent years thanks to the common efforts by people of industrial and business circles on both sides.

In 1990, businessmen from Taiwan invested in more than 1,000 projects on the mainland, with a total amount of 800 million U.S. dollars in contractual investment and the amount of indirect trade exceeded 4 billion U.S. dollars.

"There are broad prospects for the economic cooperation between the two sides and there is a great deal remaining to be done," Zheng Hongye said.

The economic and trade coordination committee for the two sides of the Taiwan Straits was set up one year ago. It held a meeting in Shanghai with its counterpart from Taiwan in mid-March. It has done a lot in mediating and arbitrating disputes, trademarks and patents and legal service and consultation. The mediation rules adopted by the committee recently are expected to have a positive role in promoting economic and trade cooperation between the mainland and Taiwan.

Mr. Zheng Hongye said that despite the repeated attempts by Taiwan authorities to cool down the "mainland fever," the exchange and cooperation between the two sides have become the trend of the day.

He urged the Taiwan authorities to seize the good opportunity made available by history and, in the long-term interests of the Chinese nation, remove the man-made obstacles to opening up direct postal, air and shipping services and two-way exchange between the two sides.

Political & Social

Tao Siju 'Concerned' Over Anti-Li Peng Poem

HK0104144391 Hong Kong Asia Television Limited
in Cantonese 1300 GMT 1 Apr 91

[From the "News at 9:00" program—announcer-read, with exception of recording, in which video shows Tao Siju seated, answering questions from a female reporter]

[Text] Minister of Public Security Tao Siju says that he is concerned about a poem published recently in the overseas edition of RENMIN RIBAO which by innuendo urges Li Peng to step down. His ministry will examine the results of an investigation by RENMIN RIBAO into the case. Tao Siju also criticized the loopholes in the management of RENMIN RIBAO. Our staff reporter Tan Wei-erh files the following report from Beijing:

While being interviewed by us, Tao Siju said: The publication of the poem entitled "Yuan Xiao" in RENMIN RIBAO is a serious incident. The newspaper is now investigating the whole course of the incident. For

the time being, the Ministry of Public Security has not sent any working personnel to the newspaper to assist the investigation. However, he is concerned about the incident.

[Begin recording] I wish to know the final results of the investigation. Of course, we should say that it is a very serious issue. As far as RENMIN RIBAO is concerned, I believe that it should have rules and regulations governing its layout, censorship, and so on, just like other newspapers. Does this mean that there are some loopholes in the management of RENMIN RIBAO? [end recording]

On 23 March, the eve of the opening of the National People's Congress session, the overseas edition of RENMIN RIBAO published a qi lu poem [an eight-line poem consisting of seven characters to a line] by a Chinese student studying abroad. Reading the poem diagonally from the upper right of the first line to the lower left of the seventh line, it forms the sentence "Li Peng must be removed from power to assuage popular indignation." The eighth line of the poem is "Wait the Divine Land for spring is everywhere." It is now still unclear whether the poem was deliberately published by the editor, or published due to an oversight.

Tao Siju said that his ministry is waiting for the result of the investigation carried out by RENMIN RIBAO. After that, a decision will be made on how to handle the case. He admitted that the existence of antigovernment persons is an objective fact. However, he stressed that the majority of the Chinese people desire stability in China. He added that the poem "Yuan Xiao" has not produced any strong repercussions in China.

'Criminals' of 4 June Incident Convicted

HK0204014091 Hong Kong SOUTH CHINA
MORNING POST
in English 2 Apr 91 pp 1, 10

[By Chris Yeung in Beijing]

[Text] China's highest judge has said that the trials of the June 4 dissidents have basically been completed and that the bulk of the "criminals" have been treated with leniency.

In a judicial report that will be tabled at the National People's Congress tomorrow, the president of the Chinese Supreme People's Court, Mr Ren Jianxin, said 72 people in Beijing Municipality, where most of the demonstrations took place, had been tried and convicted of "counter-revolutionary activities".

Another 715 people had been punished for serious criminal offences such as arson, murder, assault and burglary during the Tiananmen Square protests, which Beijing described as a "counter-revolutionary turmoil".

"The trial and conviction of these criminals by the people's courts have basically been completed," Mr Ren said in the report, the first publicized since the June 4 suppression.

The document is seen as a move by Beijing to close the chapter on the June 4 tragedy. It did not give related figures for other cities.

Mr Ren emphasised that leniency had been shown towards "a great number" of people detained and investigated by the public security authorities for unlawful acts during the democracy movement. They had been released after education.

"Others who had committed serious offences and counter-revolutionary crimes have been put to trial," he said.

Mr Ren said the 715 people given jail terms for "serious crimes", were involved in a total of 490 cases related to the Tiananmen Square protests.

The 72 people convicted of "counter-revolutionary activities" were involved in 62 cases of wantonly spreading propaganda and incitement, blatantly subverting the government and attempting to topple socialism, he said.

The figures of 72 and 715 are much lower than estimates given by international human rights watchdogs, which claim that hundreds of dissidents who have disappeared, especially little-known workers, have not been accounted for.

In his report, Mr Ren emphasised that the judicial system had followed the due process of law.

"Based on facts and determined by law, (the courts) have strictly differentiated lawful and unlawful acts, and put into practice the policy of a combination of imposing penalty as well as granting leniency," he said.

"Among the young students who committed offences, our emphasis was on education and rehabilitation with the maximum degree of leniency."

Mr Ren maintained that cases where a light punishment or none at all has been imposed would all be considered in accordance with law.

As for those who had been put to trial, Mr Ren claimed that they were also conducted in accordance with legal procedure.

"All those cases that should be open (to the public) have been thrown open. People from all walks of life including family members of the defendants had attended the hearings.

"The legal rights of the defendants including defence and appeal had been protected."

Mr Ren also promised that those who had been sentenced to jail would be granted a shorter imprisonment if they showed remorse or rendered meritorious services.

The courts' "correct" handling of the criminal cases had maintained national stability and gained support from the masses, he added.

Despite a year of "severe crackdown" against crime since May, he warned that unstable elements remained, social evils had grown and the number of criminal cases, in particular major cases, had sharply increased.

Mr Ren repeated warnings that hostile international forces had not abandoned their plots to seek "peaceful evolution" on the mainland, noting that infiltration, subversion and sabotage continued.

He said that mainland courts had last year faced the heaviest burden of criminal trials since 1984. The 457,552 completed trials represented an increase of 17 percent on the figure for 1989.

Although efforts had intensified in the fight against pornography and drug-related crimes, the tally of such cases had also jumped to a high of 3,864, an increase of 42.5 percent on the previous year.

The number of economic crimes, in particular, corruption and bribery, as well as juvenile crimes, had also increased significantly, Mr Ren said.

Noting that the number of commercial disputes involving Hong Kong, Macao and foreign investors had gone up by more than 39 percent, Mr Ren said improvement of the handling of the disputes would boost economic and trade links between those places.

He also called for more research into the new economic relations and changes of procedure necessary when handling commercial disputes.

"Any lawful business operations have to be protected by law and any activities that hampered the reform policy have to be stopped and punished," he said.

Following the implementation on October 1 last year of a law that allowed citizens to take the government to court over malpractices, he said the number of cases from October to December had almost doubled compared with the corresponding period in 1989.

In the report on the work of the Supreme People's Procuratorate, the president, Mr Liu Fuzhi, also maintained that all cases linked to the June 4 crackdown had been dealt with in accordance with law.

Although overall, social order "was stable", he said the situation in some areas and some aspects could not be underestimated.

"The problem of law and order in some towns and villages is bad. Public discontent is relatively great," he said.

Mr Liu said gangs had grown rampant and some were moving towards the formation of triads, and even collaborating with triads outside China.

More Dissidents To Be Tried

HK0204081891 Hong Kong AFP in English 0721 GMT
2 Apr 91

[Text] Beijing, April 2 (AFP)—China has sentenced at least 715 people for participating in the 1989 pro-democracy movement and more dissidents remain to be tried, a senior judicial official said Tuesday.

Seventy-two of the dissidents were tried for the serious crime of plotting to overthrow socialism and handed varying penalties, Duanmu Zheng, vice president of the Supreme People's Court, said.

"A number of cases related to the 1989 unrest remained to be heard," Mr. Duanmu said.

"I do not know the exact number, but I would imagine it is a very small figure," he told AGENCE FRANCE-PRESSE.

The official said at a news conference earlier that the courts had "basically wrapped up" the process of trying criminals involved in the 1989 pro-democracy demonstrations.

In the capital Beijing, where the movement was centered, 715 people had been brought to trial in 490 cases, he said.

Of these, 72 were tried in 62 cases for plotting to overthrow the socialist system, he said, adding that statistics for the rest of the country were incomplete.

The figures were the clearest indication yet of judicial action against dissidents after the Chinese military crushed the Tiananmen Square student-led democracy movement on June 4, 1989.

Mr. Duanmu said the courts "considered the complex circumstances of the time and showed leniency toward youthful students to educate and save them."

He declined to give specifics of the cases of two intellectuals who were given the harshest sentences after refusing to admit guilt.

Chen Ziming, 38, and Wang Juntao, 33, editor and deputy editor of the journal Economic Studies Weekly, were sentenced to 13 years' imprisonment in February for subversion and "counter-revolutionary propaganda and incitement."

Mr. Duanmu described them as "intransigent" and said they did not reach "a level of recognizing their crimes."

"We were very prudent in handing down the sentences," he said.

The official declined to answer charges by the two dissidents' relatives that their trials were unfair because defense lawyers could not call witnesses and had only seven days to prepare.

"If they have any complaints, they can complain to us directly. We cannot respond to remarks made to foreign reporters," he said.

Mr. Duanmu stressed the fairness of the Chinese legal system in dispensing justice.

He cited the example of Liu Xiaobo, a 35-year-old literary critic at Beijing Normal University released after being found guilty of writing anti-government articles and organizing a hunger strike on Tiananmen Square.

"This was a very serious form of incitement," Mr. Duanmu said, "but on June 4, he (Mr. Liu) convinced youths on Tiananmen Square to put down their machine guns and prevented a bloody incident."

"So we were lenient with Liu Xiaobo," he said.

Mr. Duanmu said he was unfamiliar with the cases of Bao Tong, secretary to the ousted Communist Party leader Zhao Ziyang, and that of Han Dongfang, head of the Beijing Workers' Autonomous Union.

The official said he had not heard the names of either of the dissidents, who are believed to be awaiting trial.

Two U.S. congressmen, Christopher Smith and Frank Wolfe, said Saturday that a warden at Beijing's No. 1 prison had told them his institution was holding about 40 people in connection with the 1989 unrest.

The two legislators, who met Premier Pi Peng last week, warned that China had a "window of opportunity" to clean up its human rights record or risk losing most favored trading nation status with the United States."

The United States has led Western countries in denouncing China's treatment of dissidents after the 1989 movement.

Sources View Possible Promotion of Shanghai Mayor

HK2903033591 Hong Kong SOUTH CHINA
MORNING POST
in English 29 Mar 91 pp 1, 11

[By Willy Wo-lap Lam]

[Text] Shanghai Mayor Mr Zhu Rongji will be promoted to Vice-Prime Minister at the end of the ongoing National People's Congress (NPC), sources said yesterday.

Mr Zhu, 62, who is also chief of the Communist Party committee of China's largest city, will be given the portfolio of China's open door policy, including the development of Shanghai's Pudong industrial zone and other open cities.

The elevation of Mr Zhu will considerably tip the political balance within the cabinet, which since the June 4 crackdown has been a stronghold of Eastern Bloc-trained central planners.

If, as is likely, State Planning Chief Mr Zou Jiahua is also promoted to vice-premier, there will be five after the NPC.

Although ailing, Mr Yao Yilin, 74, and Mr Wu Xueqian, 70, are expected to retain their positions until next year in the interests of "political stability."

Of the five, Mr Zhu, Mr Tian Jiyun, a former righthand man of ousted party chief Mr Zhao Ziyang, and Mr Wu, a former protege of the late party chief, Mr Hu Yaobang, are considered basically reformist in outlook.

Chinese sources say that both Mr Zhu and Mr Zou are prime candidates to succeed Mr Li Peng as prime minister if a large-scale reshuffle takes place after the pivotal 14th party congress next year.

Mr Zhu, who has been chief executive of Shanghai since 1988, is widely known as a reformist and a protege of senior leader Mr Deng Xiaoping.

Chinese sources said Mr Deng had decided to transfer the Shanghai supremo to Beijing so that the latter could oversee the "second stage" of his reform programme.

From mid-January to early March, the patriarch held lengthy talks with Mr Zhu in Shanghai on how to inject more reformist elements into the Eighth Five-Year Plan for 1991-95.

In the past two months, other influential party elders have also gone to Shanghai to discuss state affairs with Mr Zhu and to give him their personal blessings.

They include the president, Mr Yang Shangkun, the chairman of the Central Advisory Commission, Mr Chen Yun, and the former chairman of the NPC, Mr Peng Zhen.

Mr Zhu's promotion has been a subject of speculation since late June 1989, when Mr Deng picked Mr Zhu's predecessor, Mr Jiang Zemin, as party General Secretary.

However, his elevation at the end of this NPC has caught analysts by surprise.

The Shanghai mayor told Western businessmen and diplomats recently that he preferred to stay on in the metropolis until the Pudong zone, which is being carved out of farm land on the other side of the Huangpu River, took off.

"Zhu Rongji is Deng Xiaoping's last card," a Chinese source said.

"The patriarch wants his proteges put in the right slots before he leaves the scene completely."

"With his health declining, Deng is getting very impatient with the failure of the State Council to speed up reform," the source said.

Known in the West as "China's Gorbachev", Mr Zhu was branded a "rightist" in the late 1950's for his liberal views.

The mayor, nicknamed "one chop Zhu", has been credited with simplifying the paper-work required by foreign companies to set up shop.

Among his major achievements are the setting up of the Shanghai Stock Exchange and a package of investment incentives, including permission for foreign banks to establish branches in the city.

Analysts in Shanghai said Mr Zhu had agreed to go to Beijing partly because of frustration over the slow progress of Pudong, which has failed to lure overseas investment.

Last year, when he was drafting tax and investment regulations for the new zone, Mr Zhu was bogged down in lengthy arguments with the heads of different ministries, who were reluctant to give Shanghai a high level of autonomy.

"Mr Zhu probably thinks that his new—and higher—position in Beijing will enable him to win a better deal for Shanghai and Pudong," a Western diplomat said.

Mr Zhu's successors as mayor and party boss of Shanghai are respectively Mr Huang Ju, the executive vice-mayor, and Mr Wu Bangguo, deputy party secretary.

Considered moderate technocrats, both Mr Huang and Mr Wu have spent most of their careers in the metropolis. Like Mr Zhu, they are engineering graduates of Beijing's elite Qinghua University.

Analysts say it is a tribute to Mr Zhu's clout that he has been able to name his close colleagues as the new municipal leaders. Since early 1990, the Communist Party's Organization Department has insisted on the principle of the "rotation of cadres" among different provinces.

Mr Huang, 52, an electrical engineer, has been in charge of day-to-day administration of Shanghai for more than one year.

He accompanied Mr Zhu on his trips to Hong Kong, Singapore and America last year.

Mr Wu, 49, has been in charge of Shanghai's technological development since joining the municipal party committee in 1983.

XINHUA NPC Policy Terminology Series/Part 8

OW3003022591 Beijing XINHUA in English
0157 GMT 30 Mar 91

["This is the eighth of a Chinese policy terminology series, which began March 23, in connection with the ongoing session of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference"—XINHUA editor's note]

[Text] Beijing, March 30 (XINHUA)

28. **Mandatory plans:** They refer to state plans that have to be fulfilled. The state imposes mandatory plans chiefly on the production and sales of goods, major investment and other economic activities that have a great bearing on the national economy and the livelihood of the people. It is an important means of the state to rationally dispose of resources and ensure major construction projects. Before the economic reform beginning in 1979, virtually all state plans in China were mandatory under the highly centralized planned economy. Now, as this old system is gradually being replaced by a new one that introduces market forces into the mechanism, the range covered by mandatory plans has greatly been narrowed.

29. **Guidance plans:** Another form of state plans for directing the development of the national economy in China, guidance plans are indicative in nature, hence more flexible than mandatory plans. By issuing such plans, the state is meant to guide enterprises in their production and sales activities so as to achieve the anticipated results. The enterprises, under the guidance of such plans, organize their production and sales on their own according to the availability of raw materials and energy and the market demand. The introduction of such plans indicates that China is now paying more attention to the law of value and the role of the market mechanism. It also means that enterprises have a bigger leeway and bigger say in planning their production.

30. **Double-track price system for the means of production:** Under the system, the means of production or capital goods have two kinds of prices—the prices for goods covered by state plans and the prices of those not covered by state plans. The former prices are fixed by the state while the latter by the producers according to market demand. The former prices are generally lower than the latter. This price system was introduced in China at the beginning of the 1980's as a temporary measure to ease the contradictions in prices and avoid big fluctuations while stimulating the production of energy and raw materials.

31. **Rectify the economic order and improve the economic environment:** It is a government program started in 1989 following a decision by the Central Committee of the Chinese Communist Party. The program is meant to achieve, in three years or longer time, a basic balance in the total supply and total demand, gradual rationalization of the economic structure, control of inflation

and issuance of banknotes, balanced state budget and an improved economic order. By 1991, the total supply and total demand had been basically balanced and the runaway inflation was brought down. But little progress had been made in fulfilling the other tasks. The government has decided to leave them for the first two years of the Eighth Five-Year Plan period (1991-1995).

Li Changan on State Plan for Helping Poor Areas

HK2903135191 Beijing ZHONGGUO XINWEN SHE
in Chinese 1539 GMT 28 Mar 91

[Report by Gu Lijun (7357 4539 6511): "The Chinese Government Will Continue To Offer Assistance to Poor Areas on a Large Scale"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 28 Mar (ZHONGGUO XINWEN SHE)—Poverty and development will remain a major issue for China at present and in the future. In the period of the Eighth Five-Year Plan, China will continue to adopt special and favorable policies to help poor areas promote economic development on a large scale in all parts of the country.

This was said by Li Changan, deputy secretary general of the State Council, in his speech at the discussion meeting of the Anhui delegation to the National People's Congress this afternoon at the Jingxi Hotel.

Reportedly, when the Chinese Government was formulating the Eighth Five-Year Plan and the 10-year program and putting forward the objective of becoming comparatively well-off in the whole country by the end of this century, the State Council also required that at the same time, in poor areas, the issue of food and clothing be settled stably; most peasant households lead a better life; the poor conditions be basically changed; and marked changes be made in the infrastructural facilities and the production and living conditions in the poor areas. Therefore, it was decided that the funds set up by the state for the purpose of supporting poor areas, including the development fund for assisting the less developed areas, the loans for supporting the old base areas, the national minority inhabited areas, the border areas, and poor areas, the loans for supporting economic development in the less developed areas, and various material distribution schemes for helping poor areas will all be kept unchanged and be extended to the year 2000.

Li Changan said: With the care and support of the state, the poverty-stricken population with a per capita annual income of less than 200 yuan was reduced from 102 million people in 1985 to 38.58 million people in 1989, or decreased by 62 percent. The per capita net income of peasants in the counties to which the state gave priority when allocating financial assistance increased from 206 yuan to 321 yuan, with the amount in 103 of these counties exceeding 350 yuan; that in 16 counties exceeding 500 yuan; and that in four counties exceeding 600 yuan.

According to Li Changan, in the period of the Eighth Five-Year Plan, the Chinese Government will shift the stress of the work of supporting poor areas to some remote mountainous areas, stony mountainous areas, cold plateau areas, and remote areas inhabited by minority nationalities, which are areas facing the greatest difficulties. In order to speed up the pace of shaking off poverty in those areas, the state will allocate 2 billion jin of food grain or some industrial goods with the same value every year to help improve the production conditions in the poverty-stricken areas.

In the period of the Eighth Five-Year Plan, the economically developed areas in all parts of the country will also be organized to support certain poor areas with fixed linkages being set up so that those poor areas can shake off poverty at a higher speed and that the people of all nationalities in the whole country can reach the living conditions of being comparative well-off together.

Li Tieying at Conference on Planned Immunity

OW3103451691 Beijing XINHUA Domestic Service
in Chinese 1108 GMT 30 Mar 91

[By reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 30 Mar (XINHUA)—The Ministry of Public Health unveiled an ambitious plan today. By 1995, China's planned immunity drive will achieve the following: 85 percent of the children in any given county will receive inoculations; poliomyelitis and tetanus infantum will be wiped out; the incidence of measles will be lowered by 90 percent from before the start of the planned immunity drive while the death rate from the same disease will be reduced by 95 percent; and incidences of as well as deaths from other infectious diseases will be further curtailed.

The plan was drawn up in light of the second goal of China's planned immunity drive—to have 85 percent of the children in any given county inoculated. During the course of examining and evaluating the second goal, an extensive campaign was launched throughout the country to propagate planned immunity. As a result, the public has become more aware of the importance of inoculation and health care, and a favorable social and media environment is taking shape for the planned immunity drive.

A conference for summing up the examination and evaluation of China's planned immunity drive ended today. Experts attending the conference noted: The planned immunity drive requires very little investment but yields great results, with noticeable social and economic benefits. The project tallies with China's current situation where the economy is still underdeveloped and its people's education level is still low, and where infectious diseases still seriously threaten its people's health. Therefore, it is necessary to enhance the understanding of the planned immunity drive, strengthen cooperation among departments, and ensure that various measures are carried out at the grass-roots level.

The two-day conference today commended advanced collectives and individuals for their exceptional contributions to the planned immunity drive. Li Tieying, member of the Political Bureau of the CPC Central Committee and state councillor, attended and addressed the award presentation.

Wan Li Attends Forum on Book Publication

OW3003084491 Beijing XINHUA Domestic Service
in Chinese 1258 gmt 29 MAR 91

[By reporter Dou Guangsheng (4535 1639 3932)]

[Text] Beijing, 29 Mar (XINHUA)—To mark the second anniversary of the death of modern Chinese military strategist comrade Xiao Jingguang, the compilation committee of "The Supreme Commander of the Times" and the China Old Age Press sponsored a forum on the publication of Xiao Jingguang work "The Supreme Commander of the Times," this afternoon at the Hunan Hall of the Great Hall of the People.

Wan Li, Wang Zhen, and Wang Ping attended today's forum. Wang Zhen spoke at the meeting. He said: Comrade Xiao Jingguang is an outstanding figure of the Chinese nation. The narration in the television series "The Trip of the Century" includes the following words: Two men with dark hair and oriental faces, representing an eastern nation, attended the wake of the great revolutionary teacher Lenin. As a matter of fact, one of the men was comrade Xiao Jingguang.

Zhang Xusan, deputy director of the compilation committee of "The Supreme Commander" said that the leaders of the CPC Central Committee and the Central Military Commission had shown concern for, and supported the compilation and publication of "The Supreme Commander." Jiang Zemin, Peng Zhen, Xu Xiangqian, Nie Rongzhen inscribed the book; Chen Yun wrote the name of the book; and Song Renqiong wrote a preface.

"The Supreme Commander of the Times," totaling 320,000 characters, contains 57 articles of reminiscences and 63 photos. Articles recollect and inform us about the whole life of comrade Xiao Jingguang from different angles. These articles describe his upbringing, telling the readers how he, from an ordinary middle school student, became an outstanding proletariat revolutionary and military strategist. Yang Shangkun, Song Renqiong, Liu Huaqing, Wu Xiuquan, Jiang Hua, Xiao Ke, Cheng Zihua contributed articles on their remembrances to the book.

Wang Ping, director of the compilation committee of "The Supreme Commander," also spoke at the forum. He pointed out that the publication of this book will have a positive significance on strengthening education on party tradition, on ideological and political work, on promoting socialist material and spiritual civilization construction, and on realizing the second stage strategic

goal of our country's socialist modernization construction as set forth at the Seventh Plenum of the 13th CPC Central Committee. Wang Zhaohua, director of the China's Old Age Press; Wu Ying, director of the People's Liberation Army Press; and sons and daughters of Comrade Xiao Jingguang also spoke at the meeting.

Responsible persons from relevant departments, including Zhou Renjie, Xiong Qingquan, Liu Fusheng, and Wang Zuyao attended the forum.

"The Supreme Commander" is published by the People's Liberation Army Press.

Chen Junsheng Praises Exchange Program

OW2903225091 Beijing XINHUA Domestic Service
in Chinese 1223 GMT 26 Mar 91

[By reporter Pu Liye (3184 4539 2814) and trainee Huang Qiangyu (7806 1730 0151)]

[Text] Beijing, 26 Mar (XINHUA)—At today's inaugural ceremony of a training course for Jiangsu cadres, who will be sent to work in Shaanxi on an exchange program, State Councillor Chen Junsheng said: It is imperative for economically developed areas and economically underdeveloped areas to undertake an exchange program of cadres so that advanced experience and technology of producing commodities may be spread to the less developed areas.

On proposals by the China Fund for Helping Poor Areas and some old comrades who had worked in Shaanxi Province, together with coordination with and support by the National Leading Group for Economic Development in Poor Areas and the Central Organization Department, Jiangsu and Shaanxi Provinces decided to undertake interprovincial cadre exchanges. Jiangsu Province has chosen 73 leading cadres who are familiar

with economic work to be posted to and offer their help at work in Shaanxi's Qinba Hilly District. Shaanxi Province has also chosen 73 leading cadres who are in charge of economic work to be posted temporarily to and undergo training in various relevant cities and counties in Jiangsu Province. The purposes of the Jiangsu-Shaanxi cadre exchange program are as follows: East and West China will help each other; corresponding departments in different provinces will support one another; information will be transmitted and shared freely; funds, goods, and technology will be channelled from abroad and provinces will cooperate with each other; more cadres will be trained; and the economy will be developed.

Chen Junsheng said: It was Comrade Deng Xiaoping's idea and is incorporated in the guidelines of the Seventh Plenum of the 13th CPC Central Committee that the economically developed areas help and support the economically underdeveloped areas, and that the rich help the poor so that they will be well off together. The comrades of Jiangsu and Shaanxi have set a good example in this aspect. We hope that the economically developed coastal provinces and cities, as well as some other economically underdeveloped provinces and cities, will learn from the experience of the Jiangsu-Shaanxi cadre exchange program.

Chen Junsheng said he hoped that Jiangsu's comrades will bring along their good experience to Shaanxi. Shaanxi's comrades will use this opportunity to master Jiangsu's advanced experience in increasing production of commodities, improving techniques of operation and administration, and raising the level of technology.

According to sources, after receiving training for five days in Beijing, the Jiangsu's comrades will leave for work in Shaanxi. The Shaanxi's comrades will undergo training in Suzhou in May and be posted to Jiangsu in June.

East Region

Jiang Chunyun Speaks at Science Conference

SK0204093191 Jinan DAZHONG RIBAO in Chinese
7 Mar 91 pp 1, 2

["Excerpts" of speech by Jiang Chunyun, secretary of the Shandong Provincial CPC Committee, delivered at the provincial scientific and technological work conference in Jinan on 10 February: "Regard Scientific and Technological Progress As A Strategic Priority"]

[Text] The major purpose for the provincial party committee and the government to hold this conference is to study and implement the guidelines of the seventh plenary session of the 13th party Central Committee and the sixth (enlarged) plenary session of the fifth provincial party committee, to summarize and exchange experiences, and to make arrangements for the scientific and technological development of our province for the next five and 10 years. This is an important conference to mobilize the party and government departments at all levels. It is also important for all fronts throughout the province to comprehensively implement the principle of "developing Shandong through science and technology and education," to facilitate scientific and technological progress, and to strive to attain the second-step strategic objective of economic and social development.

Based on the guidelines of the seventh plenary session of the party Central Committee and the actual conditions of our province, the just concluded sixth (enlarged) plenary session of the fifth provincial party committee discussed and approved in principle the "outlines of the Shandong Provincial 10-year program and Eighth Five-Year Plan for economic and social development (draft)." The session particularly emphasized the efforts to avoid empty talk, carry out work in a down-to-earth manner, and pay close attention to the key link of implementation when studying and implementing the guidelines of the seventh plenary session of the party Central Committee. It also emphasized enforcing the "outline (draft)" of our province. This scientific and technological work conference represents a specific deed to pay close attention to the application of science and technology to attain the second-step strategic objective. We should conduct conscientious study on ways to make the province's scientific and technological work compatible with the requirements of the new situation and new tasks, and to make the concepts, work levels, work styles, systems and measures of the people in and outside the party, especially party and government leaders at all levels, compatible with the requirement for facilitating scientific and technological progress. Based on the relevant central instructions and the opinions that the province holds after study, I will speak on the following issues.

1. Approach Our Province's Scientific and Technological Work From the Viewpoint of One Dividing Into Two

Since the third plenary session of the 11th party Central Committee, departments at all levels, and all trades and professions throughout the province, have conscientiously implemented the series of instructions of the party Central Committee and the State Council on developing science and technology as well as facilitating scientific and technological progress; adhered to the principle of "relying on science and technology in developing economic construction and gearing scientific and technological work to the needs of economic construction;" continuously deepened the scientific and technological structural reform; actively implemented the principle of "developing Shandong through science and technology and education;" and created an encouraging situation, in its initial shape, in which the entire party and all the people attach importance and are devoted to the development of science and technology.

Party and government leaders at all levels have begun to establish the idea of relying on science and technology to develop the economy. Their awareness in attaching importance to, as well as applying, science and technology has continuously increased their understanding of science and technology as the first productive forces and their understanding of technology as a commodity. Their sense of respect for trained personnel and intellectual resources have been continuously enhanced, and the practice of respect for knowledge and trained personnel has become increasingly common. Over the past 10 years, especially since the provincial party committee and government put forward the strategic principle of "developing Shandong through science and technology and education," departments at all levels have strengthened their leadership and support for scientific and technological work. The endeavor of scientific and technological progress has been, or is being included as, an important item in the agenda of leading persons at all levels.

Substantial progress has been achieved in the scientific and technological structural reform, which has effectively boosted the initiative of the vast number of scientific and technical personnel, promoted the integration of science and technology with production, and brought about a substantial change in the mechanisms for the operation of science and technology. Over the past decade, especially since we implemented the "decision of the CPC Central Committee on scientific and technological structural reform," the development of the reform has been smooth and sound. During the Seventh Five-Year Plan period, our province ranked among the best in the country in attaining the major targets of scientific and technological progress. In those five years, the province scored 8,717 significant scientific and technological achievements, an increase of 89 percent over the Sixth Five-Year Plan period. Of these achievements, 570 reached the advanced levels of the world, 4,746 reached the advanced levels of the country, 30 percent were patented technological developments, and some of the advanced technologies have entered the world market.

A great number of scientific and technological achievements have been turned into productive forces, and scientific and technological progress has played an increasingly greater role in economic development. In the past 10 years, the province completed more than 21,000 projects concerning scientific and technological progress, technically transforming 60 percent of the industrial enterprises, and 40 percent of the technical measures and equipment reach the advanced levels of the country or the world. Through technical transformation, the province established the industrial fixed assets worth more than 23 billion yuan, higher than the total original value of the industrial fixed assets of the preceding 30 years. About one-half of the province's newly added yearly output value, profits, and taxes were from technological transformation. According to statistics, the key scientific and technological research projects and the scientific and technological development projects, completed during the Seventh Five-Year Plan period, can annually help increase more than 1 billion kg of grain, more than 3 million kg of cotton, more than 300 new products and materials, and more than 2 billion yuan worth of output value. The province attained noticeable economic results and social effects through the implementation of the "spark plan," "harvest plan," "torch plan," and "prairie plan." The proportion of scientific and technological progress in the total economic growth rose from about 27 percent at the end of the Sixth Five-Year Plan period to more than 35 percent at the end of the Seventh Five-Year plan. Meanwhile, we made some key scientific and technological achievements in developing and using natural resources, conducting family planning, carrying out medical and health work, protecting the environment, and studying the science of policy making.

In short, the 1980's were a period when the province made the greatest achievements in developing scientific and technological undertakings after the founding of the PRC. The vast number of science professionals and technicians made painstaking efforts to promote scientific and technological progress. The units and individuals that were commended today are excellent representatives on the scientific and technological front. Their painstaking labor, valuable contributions, and scientific and technological findings will go down in the brilliant socialist modernization history. The party and the people will never forget them.

Our province really made great scientific and technological progress in the last decade; however, technological backwardness and a lack of intellectuals are still great factors affecting economic development. Of per 10 thousand people of the province, only 73.3 are natural science professionals and technicians and only 12.7 are university students, both lower than the national average. Agricultural labor productivity, land utilization rate, and the utilization rate of improved crop varieties must speedily be upgraded. Some industrial production problems cropping up as a result of low technological levels and extensive management have not fundamentally been solved yet. The major industrial enterprises

whose technological equipment attains the international advanced levels of the 1970's and the 1980's only amount to about six percent, and those with the internationally advanced technological equipment of the 1940's and 1950's account for 60 percent. The popularization and application of the existing scientific and technological findings are not progressing rapidly. A considerable number of applicable scientific and technological findings have not been turned into productive forces. Problems due to scientific research units' outdated equipment and poor conditions are fairly prominent and directly affect the improvement of scientific and technological efficiency and levels. These problems are partially caused by our work defects, and also reflect our leaders' backward ideologies. So, we must persist in the law that "one divides into two" to assess our province's scientific and technological work. At the time of fully affirming the achievements, we must remain sober-minded, and understand the existing problems and shortcomings and where we lag behind. Only by so doing can we mobilize the people to work hard, rouse them to catch up with the advanced, and strive to upgrade our scientific and technological work to a new level.

2. Fully Understand the Great Significance of Scientific And Technological Progress to Realizing the Second-Step Strategic Objectives

Early at the 1978 national scientific work conference, Comrade Deng Xiaoping brilliantly expounded the Marxist viewpoint that science and technology are productive forces. In the past few years, Comrade Xiaoping pointed out on several occasions that science and technology were the first productive forces, science was an amazing thing, and it would be possible to solve problems with science at last. Practices showed that these theses were completely accurate. In line with the tasks under the new situation and through analysis and evaluation of the new technological revolutionary tides at home and abroad, we should further deepen our understanding, take a new leap in our understanding, really approach the application of science and technology from the high strategic plane of accelerating the four modernizations, take it as a prominent strategic priority, and pay attention to it.

We must note that the test of political and military strength in today's world is, in essence, a test of economic strength, and we must note that the key to the test of political, military, and economic strength is the test of scientific and technological strength. Modern science and technology play an increasingly greater and decisive role in the development of social productive forces and the enhancement of the overall national strength. Whether we can win a success in the struggle against "peaceful evolution," defend the socialist system, and firmly take the road of socialism with Chinese characteristics is decided by whether we can promote the economy. The key to success in economic construction lies in scientific and technological progress. In this sense,

our attention to science and technology is actually attention to the economy and politics. It has an extremely important significance.

We must also note that much work remains to be done if we are to attain the second-step strategic objective in the next decade, but the decisive link of this is scientific and technological progress. In the past decade, our task was to enable the people to have sufficient food and clothing. Our economic growth depended on the growth of quantity; the expansion of production capacity; and the increase of output to satisfy the people's basic needs for clothing, food, housing, daily necessities, and transportation. Despite some improvement in this process in quality, the growth of quantity was the major part. To substantially improve economic efficiency and raise the people's living standards in the next 10 years from having sufficient clothing and food to leading a fairly well-off life, we should not only maintain the steady growth of output value and output, but more importantly improve the quality of the economy as a whole. The improvement of the economy's quality includes the optimization of regional arrangements and economic structure; the improvement of equipment and of the quality of laborers; and the improvement of product quality, productivity, and social economic efficiency, all of which cannot be separated from scientific and technological progress. We may say that in carrying out economic work, a failure to pay attention to scientific and technological progress means a failure to grasp the crucial points. In giving guidance to economic work, we should devote our major efforts to improving the quality of the economy by relying on science and technology; should correctly handle the relationship between growth rate and efficiency, between output and quality, and between launching new projects and upgrading technology and management; and should effect a series of changes from the growth rate-oriented pattern to the efficiency-oriented pattern, from extensive management to intensive management, from attention to output to attention to quality, and from expanding production by launching new projects to expanding production by upgrading technology and management as well as tapping potential. Those who understand these changes early, and take action promptly, will gain early and greater benefits. The ideas and methods of acting according to old concepts and old rules and regulations, and failing to pay attention to and lacking effective measures for the application of science and technology, are very wrong and harmful.

3. Exert Great Efforts to Make Science and Technology March Towards the Various Economic and Social Fields

General requirements in our province's scientific and technological work for the next decade are to comprehensively implement the principle of relying on science and technology in economic construction and gearing science and technology to the needs of economic construction; to further organize the implementation of the strategy of "developing Shandong through science and

technology and education;" to coordinate the development of science and technology with their popularization, specialized scientific and technological work with mass activities to popularize science and technology, and the development of new and high technology with the transformation of tradition technology; to regard improvement of economic efficiency and economic quality as the most important task in achieving scientific and technological progress; to exert great effort to make science and technology march towards the various economic and social fields; and to strive to make scientific and technological progress move ahead of economic construction and play an increasingly greater role in the entire economic development.

First, we should march toward agriculture and improve the capacity for comprehensive agricultural development. A long period of steady development in agriculture is the most important issue concerning our province's economic development and social stability. We should exert great efforts to develop agriculture through science and technology and education, and we should rely on the strength of science and technology to ensure new progress in agriculture. While aiming at raising both agricultural output and productivity, as well as the ratios of commodities and processing of farm and sideline products, we should improve the efficiency of scale and should develop agriculture in range and quality.

In the near future, we should, in particular, grasp well comprehensive regional technological development focusing on improving medium- and low-yield fields on the Huanghe-Huaihe-Haihe Plain and on the wasteland and alkaline land of Huang He delta so as to raise the quality of cultivated land; popularize major agricultural and technological achievements that require small input but yield great benefits and can be applied to fields over large areas, implement the supporting plans such as the Spark Plan, the Bumper Harvest Plan and the Prairie Plan with the purpose of invigorating the rural economy, establish a batch of industrial groups and economic cooperative organizations that combine science with agriculture and trade or science with industry and trade, accelerate the progress of agricultural specialization and modernization and intensive farming; comprehensively raise the technical and managerial levels of township enterprises; attend to the reform of farming systems focusing on raising the per-unit yield of grain, cotton, and oil-bearing seeds, organizing the development of grain fields with per-mu yields reaching one ton and high-yield cotton and peanut fields with per-mu yield reaching 100 kg of ginned cotton and 400 kg of peanuts respectively, and raising the multiple crop index; establish and improve the rural scientific and technological service system and attach importance to the building of the three systems, scientific and technological management, technological popularization, and technological education and training.

Second, we should march toward the development of enterprises, actively popularize scientific transformation, and raise management levels. Remarkably raising

economic results and narrowing the gap between our industrial enterprises and those in developed countries, in the final analysis, depends on the enhancement of the level of scientific progress and management. In the next few years, we should conscientiously implement the decision of the provincial party committee and the provincial government on the technological progress of industrial enterprises and accelerate the pace of technological transformation among enterprises. We should be determined to give emphasis to high-technology transformation projects while using technological investment. During the Eighth Five-Year Plan period, we should attach importance to large and medium-sized enterprises, center the work on reducing energy and consumption and attend to technological reform in machinery, electronics, communications, transportation, and light and textile industries. At the same time, we should improve management and consider it as an important task, extensively adopt modernized management means and methods, pay great attention to the development and application of advanced management and technology, and gradually modernize production and management. We should step up our efforts to establish appraisal targets and systems for technological progress and scientific management, consider them as a part of the evaluation of the quality of enterprises, contract management, and implementation of the system of responsibility for attainment of certain targets during the tenure of a plant director or manager and grasp the "quality-variety-efficiency-year" activities with persistent effort until good results are achieved.

Third, we should march toward the ocean and actively develop the ocean economy. Ocean protection and development is a major scientific research subject of strategic importance. Our province is rich in ocean resources with great prospects for development. During the 1980's, our province achieved breakthroughs in the progress of ocean fishing, the ocean salt industry, the offshore petroleum industry, the building of ports, ocean scientific research and education, and the development of islands. We should further enhance our sense of ocean territory, ocean resources, and ocean strategy; strengthen the undertaking of scientific and technological projects involving ocean farming, ocean salt industry, salt chemicals, ocean transport, and ocean ecology; study and formulate strategy for "developing the sea with science and technology," conscientiously organize the implementation of this strategy, and gradually translate the rich ocean resources into tremendous commodity and economic advantages.

Fourth, we should march towards new technology and develop advanced and new-technology industries in a planned manner. During the Eighth Five-Year Plan period, we should stress the building of five advanced and new technology development zones, including Weihai, Jinan, Qingdao, Yantai, and Zaozhuang, add high and new technology to traditional industries, build advanced and new technology sites, implement the

"torch" plan, develop a group of new-technology products, establish a number of advanced and new technology enterprises and enterprise groups, and through the acceleration of the research and development of advanced and new technologies, create a climate for applying advanced and new technology to important regions, make them become the characteristics of these regions, form a development scale in key enterprises, and make key products brand-name ones so that they can bring along the readjustment of production set-up and product mix in the whole province, and stimulate technological transformation in traditional industries and the upgrading and updating of the products of supporting industries.

Fifth, we should march towards various social undertakings to promote the progress of the whole society. We should attach importance to application of the scientific and technological knowledge system, adhere to the combination of natural science with social science, and strive to solve some major problems in social development. At present, we should focus our work on controlling population growth, improving the people's quality of life, protecting various kinds of natural resources, and improving ecological environment. Then, we should energetically enhance the people's expertise in the areas of ideology, morality, science, and knowledge; promote the building of the province's socialist spiritual civilization; accelerate the development of tertiary industry; and promote the penetration and dissemination of science and technology in this sphere. We should also pay attention to applying advanced and appropriate science and technology to improve the means and quality of service, to open up new service spheres, and to raise the proportion of tertiary industry in the national economy.

4. Continue to Deepen Reform, and Establish the System and Mechanism of Promoting Science and Technology

It is definitely pointed out in the decision of the central authorities regarding scientific and technological structural reform that the major tasks of scientific and technological structural reform are to optimize operational mechanism, readjusting organizational structure, reform personnel management system, and promote the combination of science and technology with the economy. In the next 10 years, in line with this guiding principle, we should further emancipate the mind, and boldly explore and gradually establish a scientific and technological system and operational mechanism which helps to fully mobilize the initiative and creativity of scientific research units and scientific and technological personnel, which helps all professions and trades assimilate and apply advanced technologies, and helps science and technology enter the main battlefield of economic construction.

Operationally, we should further attend to the reform of the financial allocation system, with the three-item scientific and technological allocation and the scientific operating expenses as the major content; should study and formulate specific methods for management and

utilization of various special scientific and technological funds, for open bidding and contracting of projects, and for supporting projects on a selective basis; and should strive to increase the investment returns of scientific and technological allocations. We should further enliven and successfully manage technological markets, and promote the commercialization of scientific and technological achievements. We should constantly perfect the system under which the scientific research institute director assumes responsibility for every thing, the system under which the scientific research institute director is held responsible for attaining given objectives during his tenure, the system under which the scientific research institute director is held responsible for management of contracts, the technological contract system, and the system of inviting and appointing personnel through open recruitment. We should also positively explore ways of integrating science and technology with finance, with materials, and with management.

In organizational structure, we should try every possible means to accelerate readjustment and optimize the structure in line with the principle of integrating unity with separation, integrating government efforts with the people's efforts, stressing entirely, and gearing to outside needs, by following the orientation of meeting practical and social needs. During the Eighth Five-Year Plan period, on the basis of conducting profound investigation and appraisal, we should further conduct rational classification of scientific research institutes of various kinds, encourage scientific research institutes to share the burdens of others, and strive to form a multilevel pattern under which scientific research institutes are run by the state, various trades, various enterprises, and various individuals. We should establish and perfect the scientific and technological service system in rural areas, and deepen the reform of the scientific and technological structure in rural areas.

In personnel management, we should boldly introduce the competition mechanism and the incentive mechanism under the guidance of the state plans; and should combine direct management with indirect management, combine administrative management with the dual-directed choice of organizations and personnel, and combine the system of appointment by organizations with the contract system in order to turn human resources to the best account.

Along with the sharpening of worldwide economic competition, the international character of science and technology has become even more conspicuous. Thus, scientific and technological work must be further opened to the outside world. By making full use of the province's advantages in opening to the outside world, we should encourage and support scientific and technological personnel to mount onto the massive stage of world science and technology in order to serve the implementation of the coastal economic strategy and the development of the export-oriented economy. With the promotion of the dual-directed technological transfer as the goal, we should strengthen international cooperation and

exchanges, and further expand the channels of cooperative research and integrated development. We should vigorously organize technological export, particularly the technological export to the developing countries. The province's economic construction should also focus on importing important technologies and bringing intellectuals from abroad, on improving the environment for and management methods of technological and personnel import, and on expanding the road of technological and personnel import.

5. Actually Strengthen Cooperation, and Successfully Organize the "Chorus" of Scientific and Technological Progress

Developing science and technology and promoting scientific and technological progress are huge and complicated engineering undertakings. Party committees and governments at all levels should by all means strengthen and improve leadership, should regard the development of scientific and technological undertakings as a conspicuous emphasis of strategic importance, should list it as an important item on their daily agenda, should bring it into line with the long-term plan, the Five-Year Plan, and the fiscal year plan for national economic and social development; should give special treatment to scientific and technological undertakings for the supply of funds, foreign exchange, materials, and talented people; and should mobilize forces in all fields to achieve success in the "chorus" of scientific and technological progress. So far as all levels of leading cadres are concerned, attention should be paid to attaining the following tasks:

First, leading cadres at all levels should serve as good "leaders" in promoting scientific and technological progress. Party and government leading comrades at all levels should pay extremely close attention to science and technology, personally take a hand in scientific and technological work, and try every possible means to assiduously study science and technology and master the law of scientific and technological work. From now on, when assessing the economic work of a locality, a department, or a unit, they should change the long-standing tendency of overemphasizing the increase in output value but underestimating the progress in science and technology, and should regard the dependence on scientific and technological progress and the improvement of economic efficiency as the major basis. They should study and draw up pertinent assessment targets and methods, and implement at each level the system of quota responsibility in scientific and technological progress. Over the past several years, various localities have launched the activity of appraising and selecting scientific and technological demonstration townships, towns, and enterprises and the activity of attaining scientific and technological targets, which have played a very good role in promoting scientific and technological progress. They should summarize and popularize the experience gained from this field, and expand the activities of scientific and technological competition and attaining scientific and technological targets to all counties, cities, districts, trades, and units. The province has decided that, beginning this year, it will set up an award

for contributions to invigorating Shandong through science and education in order to give commendation and rewards to those units and individuals, including leaders, managerial personnel, and scientific and technological personnel, that make outstanding contributions to promoting scientific and technological progress.

Second, leading cadres at all levels should serve as "logistics department directors." They should have their eyes on science and technology at all times, show concern for science and technology at every place, and be eager to meet the needs of scientific and technological departments. The matters favorable to developing science and technology should be supported vigorously, and the matters unfavorable should be avoided resolutely. Those structures, systems, and methods which hinder scientific and technological progress must be abolished. Additionally, leading cadres should positively create conditions for gradually changing the backward situation in scientific research means.

Third, leading cadres at all levels should serve as "intimate friends" of intellectuals. Leading cadres at all levels should strengthen contacts with intellectuals, learn about their ideological state, listen to their opinions and expressions, respect, understand, and protect them, serve as their intimate friends, and do as more concrete deeds as possible for improving their working and living conditions. Leading cadres at all levels should strengthen ideological and political work, and encourage intellectuals, young intellectuals in particular, to go deep into the realities to contact workers and peasants and really understand the conditions of the country and the province. They should continue to conduct education on patriotism, socialism, and collectivism; and should vigorously advocate the dedicated spirit of forging ahead through arduous and pioneering work, the indomitable spirit of being brave in making explorations, the seek-the-truth spirit of being strict in pursuing studies and advocating truth, and the cooperative spirit of unity, mutual cooperation, and being willing to play a supporting role. They should energetically propagate advanced typical cases in scientific and technological circles, extensively and profoundly unfold the activity of learning from advanced scientific and technological workers, and form a public opinion force of encouraging scientific and technological personnel to forge ahead through arduous work.

Huzhou Mayor Resigns, Acting Mayor Appointed

OW3003044291 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 29 Mar 91

[From the "Provincial Hookup" program]

[Text] The Standing Committee of Huzhou City People's Congress held its 20th meeting today and deliberated Comrade Ge Shengping's resignation from the post of Huzhou City mayor due to post changes. The meeting decided to accept Ge Shengping's resignation and

elected Vice Mayor Comrade (Yuan Shimin) the acting mayor of Huzhou City by secret ballot.

Ge Shengping, party committee secretary of Huzhou City, attended and addressed the meeting.

Central-South Region

Guangdong Governor Ready To Answer Party Call

OW0104140591 Beijing XINHUA Domestic Service in Chinese 1208 GMT 1 Apr 91

["Newsletter: Ready to Answer the Party's Call on All Matters—an Interview With Ye Xuanping, a New Member of the Chinese People's Political Consultative Conference National Committee (by XINHUA reporter Liu Siyang (0491 1835 2254))"—XINHUA headline]

[Text] Beijing, 31 Mar (XINHUA)—Ye Xuanping, the 13th governor of Guangdong since the founding of New China, told this reporter after he was recently made a member of the Chinese People's Political Consultative Conference [CPPCC] National Committee: "This is a new job which requires me to study new areas diligently."

From "Mechanic" to Governor

"Please remember I was originally a 'mechanic'," Ye Xuanping, a seventh-year governor, said often to people.

Ye Xuanping, 67, has a long history of links with machinery. At 16, he left his native place in Meixian County, Guangdong to Yanan, the mecca of revolution. After graduating from the Yanan Academy of Natural Sciences, he worked with machines at an ordnance factory for four years. In 1951, he went to the Soviet Union to pursue advanced study, specializing in machine tools. Upon returning to China, he was the chief engineer in Shenyang and the Beijing No. 1 Machine Tool Plant for 20 years. In 1973, he assumed a leading post at the Beijing Municipal Machinery Bureau, and then the post of director of a bureau under the State Commission for Science and Technology. In 1980, he was appointed as the vice governor of Guangdong and was concurrently chairman of the Provincial Commission for Science and Technology. He has been the governor of Guangdong since 1985.

From the years of revolutionary war to socialist construction after the founding of New China, and from the grass-roots technical work to provincial-level leading posts, Ye Xuanping has gone through numerous changes in assignments. As far as these changes are concerned, he simply said: "As a party member, I am ready to answer the party's call on all matters."

The Focuses of Guangdong's Next-Phase Reform

The long experience in technical and supervisory work has enabled Ye Xuanping to cultivate a practical, strict, and serious work style in the general trend of reform and opening.

"The central authorities have demanded Guangdong, an open coastal province, to be the pioneer. This is an issue concerning more than the 60 million people in Guangdong. As its governor, I shoulder a heavy responsibility!"

Talking about the work, Ye Xuanping was constantly imbued with a sense of responsibility.

For more than the past decade, Guangdong has scored eye-catching achievements in reform, opening, and economic construction, realizing the first-step strategic goal in 1987.

Ye Xuanping attributed these achievements to reform and opening, saying: "Without reform and opening, Guangdong would not be what it is today; only by making reforms and opening up can Guangdong have a bright future."

Ye Xuanping, a party member since 1945, explained his thought about reform. He said: In selecting a reform measure, it is necessary to consider whether it can fully arouse the enthusiasm of the masses, invigorate production at the grassroots, create a law of value for economic activities, and facilitate an economic order of exchange at equal value. This should be the criterion for selecting a reform measure. Ye Xuanping disclosed that this year Guangdong will focus reform in six areas, including enterprise, pricing and housing reforms, and reform in macroeconomic regulation and control.

It Is Necessary to Study Diligently

Describing his feeling of being a member of the CPPCC National Committee, Ye Xuanping was modest and sincere. He said: "The work of the CPPCC has a bearing on national construction and development. The realization of motherland reunification is one of the three major tasks to be completed before the end of this century. Joining the CPPCC National Committee at this moment, I shoulder a heavier responsibility than before. As a party member, I will study and work diligently and will never let the party and the people down."

Discusses Direction of Development

HK0104122191 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 27 Mar 91

[Interview with Provincial Governor Ye Xuanping by unidentified reporter]

[Text]

[Reporter] Provincial Governor Ye, in his report Premier Li Peng put forward the basic requirements for fulfilling our country's strategic objectives of the second stage. Could you talk about the direction that our province should follow in the coming 10 years to fulfill those strategic tasks?

[Ye] Today and yesterday, three leaders of the State Council made their reports. In particular, they have incisively summed up the brilliant achievements we

made in the 1980's. What is most noticeable in their reports is our country's program for economic construction and social development in the 1990's. Guangdong is also planning its construction for the coming 10 years. The 10-Year Program of the state is a very important blueprint which guides us well so that construction in Guangdong conforms with the requirements and various policies of the state. It will enable Guangdong to promote its construction in a still better way. To me, this is the most prominent issue.

Guangdong's construction in the coming 10 years will also develop in the same manner as the state's. Fulfilling the strategic targets of the second stage should be regarded as an important symbol marking our success. This is the guideline for arranging Guangdong's work. Not long ago, our provincial people's congress held its session. We have laid our emphasis on the Eighth Five-Year Plan. It seems that Guangdong might possibly fulfill its strategic targets of the second stage ahead of schedule. It is expected that we can attain the targets around 1994. Guangdong's construction in various aspects is centered on such targets. In other words, we should ensure that various work in our country, including economic improvement and rectification, deepening of reform, and expansion of opening up can be carried through to the end. I believe that in the 1990's Guangdong will achieve more outstanding success than in the 1980's. This is my personal brief view.

Hubei Governor Guo Shuyan on Rejuvenating Economy

OW3003103891 Beijing XINHUA Domestic Service in Chinese 0404 GMT 30 Mar 91

["Rejuvenating the Economy Through Science and Technology—Interview With Guo Shuyan, Deputy to the National People's Congress and Hubei Governor—by XINHUA reporters Fang Zhengjun (2455 2398 7230) and Jiao Ran (3542 3544)"]—XINHUA headline]

[Text] Beijing, 30 Mar (XINHUA)—Guo Shuyan, a newly elected deputy to the National People's Congress [NPC] and governor of Hubei, granted us an interview on 27 March. The interview took place at the Guoyi Guesthouse in Beijing. The city, after a snowfall, looked like it had put on a white gown.

A senior engineer and former vice minister in charge of the State Science and Technology Commission, Guo was elected governor of Hubei last spring.

On attending the Fourth Session of the Seventh NPC, the governor said jubilantly: I feel honored to be able to attend the session. It will examine the construction and reforms of the last decade, and discuss plans for the next decade. The objectives in Premier Li Peng's report are practical, and as long as we work hard, we can achieve those objectives.

Guo Shuyan showed great concern for science and technology, which is his specialty. In a relaxed atmosphere, he talked about how the second strategic goal can be

achieved through making advancements in science and technology. He said: A buyer's market has now appeared in China for the first time since the nation engaged in economic readjustments. Because of fierce market competition, many enterprises now understand the importance of science and technology. They are eager to develop new products, improve product quality, and reduce production costs with support from science and technology. The best thing about a commodity economy is that it can trigger competition, which is a strong force that will make people do economic work with support from science and technology. Macroscopically speaking, as long as the government can maintain a proper balance between total supply and total demand in the next decade, the entire economy, under the impetus of market forces, will shift to the track of counting on the support of advancement in science and technology.

What needs to be done in seeking support from science and technology? Guo Shuyan said: While the nation needs some new infrastructural and industrial projects, the majority of industrial enterprises should use their resources to upgrade their technology instead of building new plants, and follow the path of striving for higher returns with limited investment. The nation is now a unified market, and all provinces and municipalities must bring their strengths into play and demonstrate their distinctive individual economic characteristics. Hubei's strengths rest with its metallurgical industry, machine-building industry represented by automobile manufacturing, textile industry, chemical industry, and construction material industry. The province will make greater efforts to upgrade its scientific management, market distribution, and workers' proficiency.

On agriculture, Deputy Guo Shuyan said: We should not simply realize that we have reaped some bumper harvests. In addition to drawing up policies to protect the peasants' production enthusiasm, Hubei must also deal with issues of improving product quality and making adjustments in terms of crops to be produced and livestock to be bred. While producing grain, pigs, and fruit, the peasants must make efforts to improve the quality and strains. It is very important to improve the peasants' technical proficiency. Special efforts should be made to train a new generation of peasants who understand science.

Hunan Poised To Deepen Rural Ideology Campaign

HK0104144291 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 28 Mar 91

[Text] From 26 to 28 March, the provincial party committee called a conference on socialist ideological education in rural areas in Changsha.

A total of 110 persons attended the conference including leading cadres responsible for socialist ideological education from various prefectural, autonomous prefectural, and city party committees; directors of the socialist ideological education offices; leading members of a number of county party committees; and team leaders of

the socialist ideological education work teams under the provincial party committee and government.

Provincial party and government leaders, who were not away on official business, including Sun Wensheng, Shen Ruiting, (Li Jianguo), Zhuo Kangning, (Yang Huiquan), and Zhao Peiyi were also present.

During the meeting, Shen Ruiting, member and secretary general of the provincial party committee Standing Committee, first relayed the instructions made by CPC General Secretary Comrade Jiang Zemin during his tour of Hunan. Later, 16 comrades briefed the conference on their experiences in conducting socialist ideological education in rural areas last year and the participants advanced many good opinions on ways to properly carry out the education this year. Toward the end of the conference, Sun Wensheng, deputy secretary of the provincial party committee, gave a speech. After summarizing the experiences and achievements gained in last year's socialist ideological education in rural areas, he raised five opinions on ways to properly conduct socialist ideological education in rural areas in 1991, in compliance with the spirit of Comrade Jiang Zemin's instructions.

1. Further deepen the understanding of the need to carry out socialist ideological education in rural areas and make remitting efforts to do a better job in conducting education in 1991.
2. To keep an effective grip on three key tasks and to achieve balance in three respects to promote rural reforms and agricultural development and the building of two civilizations in rural areas.
3. Pay attention to ways of doing things and carry out socialist ideological education in rural areas in a down-to-earth manner.
4. Strengthen the work teams in charge of socialist ideological education, ideologically and organizationally, carry forward the party's fine tradition, and improve work style.
5. Further strengthen leadership, organize the campaign meticulously, and pay particular attention to results.

Southwest Region

Guizhou Holds Double-Support Work Meeting

HK0104144891 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 28 Mar 91

[Excerpts] A provincial meeting on double-support work (for civilians, support the Army and give preferential treatment to families of revolutionary servicemen and martyrs; for the Army, support the government and cherish the people) was held in Guiyang yesterday morning.

The meeting was designed to relay the spirit of the national meeting on the double-support work and summarize and exchange Guizhou's experiences in the double-support work so as to do a better job in this respect in 1991.

Lieutenant General Gu Shanqing, political commissar of the Chengdu Military Region, and provincial party, government, and military leaders Liu Zhengwei, Zhang Shukui, Liang Wangui, Zhang Yuqin, Zhu Qi, Yu Zhonggui, et al, attended the meeting.

Political commissar Gu Shanqing addressed the meeting on how the Army unit will do a better job in supporting the government and cherishing the people.

He said: Guizhou is a place which the Red Army traversed during the Long March more than 50 years ago and enjoys a glorious revolutionary tradition. All levels of party committees and governments and the people of all nationalities throughout the province enthusiastically support the Army in its building and reform and an intensive education on national defense has been carried out among the broad masses of the people in various forms so everyone understands the need to love their country and support their army. The broad ranks of officers and men keenly feel the people's profound sentiments of friendship for them.

He called on all officers and men stationed in Guizhou to conscientiously implement the summary of the national conference on double-support work, which was approved and transmitted throughout the country by the State Council and the Central Military Commission, actively support the state and local governments in their economic construction, support the construction of the state's key projects, actively participate in social work, and do a number of solid things to the real advantage of the masses. [passage omitted]

Vice Governor Zhang Yuqin relayed the spirit of the national conference on double-support work.

Zhang Shukui, member of the provincial party committee Standing Committee and vice governor, on behalf of the provincial party committee and government, briefed the meeting on Guizhou's double-support work, summarized last year's experiences, and put forward new requirements for the double-support work for 1991.

'Backgrounder' Views Tibetan-Imperial Court Ties

OW2903173691 Beijing XINHUA in English
1043 GMT 29 Mar 91

["Relation Between Tibet and Imperial Courts Involved Political Subordination (Tibet Today and Yesterday Backgrounder)"]—XINHUA headline]

[Text] Beijing, March 29 (XINHUA)—The relation between Tibet and the imperial courts in history is said to have been one between a religious "beneficiary and benefactor," but not one involving political subordination. How about the historical facts?

There did exist a kind of "beneficiary and benefactor" relationship between Tibet and the central authority. However, the relation was not only religious. It was the result and

expression of the establishment of political subordination, and this embodied profound political implications.

In the Yuan, Ming and Qing Dynasties, the relation of "beneficiary" and "benefactor" between the local Tibetan authority as the receiver and central imperial court as the giver was different from the religious one existing among monks and laymen.

According to historical records, the "beneficiary and benefactor" relation between Tibet and the central imperial courts took shape in the course of the political process of Tibet's subordination to the central imperial courts. Tibet's subordination to the Yuan Dynasty was realized through negotiation and consultation, not through the establishment of a religious "beneficiary and benefactor" relation.

At that time, it was impossible for Mongolian aristocrats who ruled China to give up their own religion of Shamanism and Nestorianism to become converted to Buddhism at the very beginning. It was impossible for Go Tan, the Mongol prince, to take the initiative of inviting a lama as beneficiary.

After complicated political manoeuvrings, the famous Tibetan Sagya master Banzhida (Sapan) was invited to visit Liangzhou, an inland town, in 1246. He decided to subordinate Tibet to the Mongol imperial court after negotiation with Go Tan. Sapan issued a famous statement to Tibetans, informing them of the allegiance of Tibet to the central authority.

It was pointed out in the statement that the subordination represented by Sapan was sincere and that Tibet would submit to the rule of the central authority. It was also noted in the statement that the Mongolians had come to believe in Buddhism, and that Sapan was allowed to continue to expound the Buddhist canons.

Sapan called the Mongolian Khan the incarnation of Bodhisattva and a "great benefactor." This showed that the "beneficiary and benefactor" relation was formed with the political subordination of Tibet to the imperial courts.

It is proved by the above fact that political subordination was the prerequisite to the establishment of the "beneficiary and benefactor" relation, and the establishment of that relation was the result of the realization of the political objective, and was also an important means to solidify the political relation.

If the "beneficiary and benefactor" relation had not been established, the historical process of Tibet's subordination to the central imperial court would not have been so smooth. As proved by the facts, the establishment of the relation realized through peaceful negotiation avoided war and disaster, and smoothly solved the issue of political subordination.

This historical process manifested vividly the unique cultural tradition and political wisdom of the oriental nation. It made a great historical contribution to a unitary multi-national state.

New dynasties tended to follow the preceding tradition. It was not true that everything changed with the replacement of one dynasty by another. During the long history of the Ming and Qing Dynasties following the Yuan, Tibet was always an integral part of China.

The "beneficiary and benefactor" relation existing together with the political relation was maintained with special characteristics of different dynasties. The "beneficiary and benefactor" relation was always controlled by the political subordination.

During the history of the three dynasties, the central governments benefitted Tibet by giving salaries to the living Buddhas—the Dalai Lama and Bainqen—building temples for the two and giving alms to monks.

The local leader who combined both political and religious authority submitted to the emperors of the three dynasties, received the conferment of titles from the central authority, and recognized the subordination of Tibet to it.

Meanwhile, as benefactors, the emperor of all the dynasties safeguarded the political, religious and economic interests of Tibet, resisted external invasions and safeguarded the unity of China. This is the essence of the "beneficiary and benefactor" relation between Tibet and the central authority in history.

North Region

Chen Xitong Discusses Beijing's Housing Reform

OW3103153891 Beijing Domestic Service in Mandarin
2230 GMT 27 Mar 91

[From the "News and Press Review" program]

[Text] An executive meeting of the People's Government of Beijing Municipality held recently decided to further augment the experimental points of housing reform. It also called on units in all localities to bring 30 percent of the total residential area within the framework of the housing reform program in the second quarter of this year. Mayor Chen Xitong pointed out that one of the important indicators of the success or failure of housing reform is whether or not the living conditions of the acutely poor and the poor families have been improved.

Beijing Municipality commenced implementation of the housing reform program in 1989, and broadened the scope of the experiment throughout the municipality last year. As of the end of 1990, housing reform plans for 10 outlying counties and districts were implemented; experimental points of eight suburban areas near the city were expanded to over 70; and the total area of housing reform, including remodeling of hazardous and old houses, reached 10 million square meters. Over 90 million yuan of private funds was retrieved, and a large number of poor families have moved into new houses.

The People's Government of Beijing Municipality called for continued expansion of the housing reform experimental points and placing of more emphasis on urban areas this year. The housing reform experiment will take 10 major forms, such as selling of houses at special prices, selling of houses at market prices, building of houses through cooperation, remodeling of hazardous and old houses, charging of new rental rates for new houses, and the collection of rent deposits.

In the meeting, Chen Xitong also mentioned the four indicators of success of the housing reform, and he stressed the need to gradually realize the beneficial effects of residential housing construction, to selectively improve the living condition of poor families, to properly handle post-construction problems such as maintenance work and fee collection, and, in particular, to strengthen management of the housing properties market.

Hebei Secretary Inspects Enterprises 27-28 Mar

SK0104021591 Shijiazhuang Hebei Provincial Service
in Mandarin 2300 GMT 30 Mar 91

[Summary from poor reception] "During his recent investigation and study activities in Baoding City's industrial enterprises, Xing Chongzhi, secretary of the provincial party committee, emphasized that a very pressing issue in the current endeavor to invigorate large and medium-sized enterprises is to successfully carry out technical transformation so that old enterprises can regain their vigor."

Xing Chongzhi visited several plants in Baoding City, including a chemical fiber plant and a cigarette plant, on 27 and 28 March. He inspected workshops and noted that the equipment was outdated. Xing Chongzhi particularly held a discussion on ways to successfully carry out the technical transformation of large and medium-sized enterprises. Xing Chongzhi emphasized that technical transformation and production should be carried out simultaneously in large and medium-sized enterprises. He said that technical transformation of large and medium-sized enterprises was often carried out on too large a scale and lasted for too long.

"Xing Chongzhi urged governments at all levels, especially banking, financial, and tax departments, to provide preferential policies to help large and medium-sized enterprise solve their problems in technical transformation."

Watches Beijing Opera

SK0204064991 Shijiazhuang Hebei Provincial Service
in Mandarin 2300 GMT 1 Apr 91

[Text] A new full-length Beijing opera in six acts entitled "A Loyal Man's Song of Blood" was performed for the first time in Shijiazhuang on the evening of 1 April.

More than 1,000 personages of various circles in Shijiazhuang, capital of Hebei Province, watched, for the first time, the image of Fu Xianzhong, an excellent propagandist of the party, vividly depicted on the stage.

Provincial Leading Comrades Xing Chongzhi, Yang Zejiang, Han Licheng, Yue Zongtai, [name indistinct], Hong Yi, and (Li Feng) watched the first performance together with the people.

The opera was performed by the Chengde City Beijing Opera Troupe.

After the performance, provincial leading comrades approached the stage to meet with all performers, had a group photo taken to mark the occasion, and congratulated them on their successful performance.

Xingtai City in Hebei Elects New Mayor

SK0104021091 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 31 Mar 91

[Text] At the fourth session of the Eighth Xingtai City People's Congress that concluded on 31 March, (Xin Qinghe) was elected as mayor of the city.

Jilin Holds Conference on Grain Management Reform

SK0104045691 Changchun Jilin Provincial Service in Mandarin 2200 GMT 30 Mar 91

[Text] The provincial conference on the experimental reform of the grain management system concluded in Changchun on 30 March. Our province made two steps forward in grain production in the past few years. By 22 March, it had purchased 12 billion kg of grain, 3 billion kg more than the previous record; however, because some deep-seated problems in the grain management system have not been solved, the deficits of grain enterprises increased, which brought great difficulties to financial departments.

A success in the reform of the grain management system is an important issue concerning the overall situation of the province's economic development. Leading persons of the provincial party committee and government have attached great importance to it. In line with the guidelines of the State Council instructions, and the experiences of Tianjin Municipality, they formulated the basic ideas for the reform of the grain management system. The method of separate management of government-priced grain and oil and equal sharing of deficits will be changed to the method of unified management, and a clear demarcation line between profit and deficit will be drawn to bring the relations between grain management departments into better balance so that the purposes of strengthening management, ensuring market supply, invigorating enterprises, and improving their economic and social benefits can be attained.

Provincial Vice Governor Wu Yixia spoke at the conference. He urged: All localities and all relevant departments should take the overall situation into account. They should unify the thinking of various departments through in-depth and meticulous ideological work, and enable them to embrace the ideas of reducing the burdens of the state, and making contributions by putting an end to deficits and increasing profits, to overcome the

ideas that deficits are unavoidable, and that they have nothing to do with the deficits, and to attach importance to improving economic benefits as industrial enterprises do in launching the activities for the quality, variety, and efficiency year. All localities should strengthen organizational leadership. The responsible persons of the governments of the cities and counties selected to experiment with the reform should muster their efforts in making preparations. Leading groups and specialized departments led by the commissions for the restructuring of the economy should be established. All pertinent departments should work in cooperation. Planning and economic commissions, and financial, industrial and commercial administrative, banking, tax, labor and personnel departments should make coordinated efforts to achieve good results in the experiment of the reform of the grain management system.

Secretary Wang Qun Visits Ulanqab League

SK0204124891 Hohhot Inner Mongolia Regional Service in Mandarin 1100 GMT 1 Apr 91

[Text] Wang Qun, secretary of the autonomous regional party committee, went to Qingshuihe, Horing, Liangcheng, Fengzhen, Qahar Right Wing Front, and Huade banners, counties, and cities of Ulanqab League to conduct investigations and study from 21 to 26 March. He listened to the opinions of cadres and the masses and held discussions with them on ways to attain the second-step strategic objectives of doubling the GNP and improving the people's lives to a fairly good standard.

During the investigations and study activities, Comrade Wang Qun listened attentively to the work reports of the party committees of Ulanqab League and relevant banners, counties, and cities on their efforts to implement the guidelines of the seventh plenary session of the 13th party Central Committee and the third enlarged plenary session of the fifth autonomous regional party committee. He also heard reports on their initial ideas for discussing and formulating their 10-Year Program and Eighth Five-Year Plan, and on their preparations for spring farming. He visited townships, villages, peasant households, farmland, major water conservancy works, and grass-roots supply and marketing cooperatives to hold discussions with grass-roots cadres and the masses of peasants to understand the current production and existing problems and difficulties. In Fengzhen City and Huade County, Wang Qun held two on-the-spot work conferences to help Ulanqab League solve their specific problems.

Wang Qun said during the investigations and study tour: To achieve success in the second step is not an easy task. The responsibilities for it are heavy, and the journey is long. It requires that we implement more thoroughly the guidelines of the seventh plenary session of the 13th party Central Committee and, based on actual local conditions, specify the objectives of doubling the GNP and improving the people's life to a fairly good standard. We must make them known to every household and every person so that the masses will have a clear idea on

their goals, uplift their spirit, fully develop their initiative and creativity, and strive to attain the second-step strategic objectives. Meanwhile, we should include them as an important part in the socialist education currently conducted in rural and pastoral areas.

Comrade Wang Qun emphasized: We must proceed from reality, seek truth from facts, and emancipate our minds in working out development plans and the goals to be attained. The levels to start with should be high, and our steps should be quick. Only in this way can we actively create more favorable conditions, give full play to local advantages, and achieve steady development of both long-term and short-term plans.

Wang Qun pointed out: Planting and breeding, as basic industries, will never become sluggish in such a large country as ours. We should have a sense of respect for the market and efficiency, break with the idea of small-scale production and the idea of a small-scale peasant economy characterized by self-sufficiency, firmly embrace the concept of the commodity economy, actively develop optimal-scale farming step by step, and raise the commodity rate.

He also particularly emphasized: We should rely on science and technology in carrying out economic construction. Leading cadres at all levels should make active efforts to provide favorable conditions for developing science and technology and education. They should particularly make great efforts to develop vocational and technical education and the popularization of applicable science and technology. They should continuously improve the quality of peasants and herdsmen.

Wang Qun said: We should further deepen the rural reform, achieve unity in our thinking, and enhance our understanding. The entire party should attach importance to and show concern for the work of supply and marketing cooperatives. This is a need and a pressing demand in doubling the GNP and improving the people's lives to a fairly good standard. We should have a sense of responsibility and urgency for this. Judging from both the current situation and the long-term need, we should develop public ownership, improve the cadre-populace and party-populace relations, reform the old systems, change our concepts and functions, and do a good job in rendering service to peasants in the entire process of production.

Wang Qun pointed out: To attain the second-step strategic objective, and lead the masses to march toward the fairly good life and achieve common prosperity, the key is strengthening party leadership, maintaining a stable social environment, and providing an effective political guarantee. This depends on our leading bodies and our contingent of cadres. The unity of leading bodies at all levels, however, is the key of the key.

He urged leading bodies at all levels to attend to economic and political work simultaneously, unite as one, work with concerted efforts, continuously enhance the

party's cohesive force and combat effectiveness, and lead cadres and the masses to achieve a fairly good life through hard work.

Northwest Region

Gansu Secretary Gu Jinchi on Inspection Tour

HK0104085891 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 28 Mar 91

[Excerpts] From 25-28 March, while making an inspection tour of Linxia Hui Autonomous Prefecture, Gu Jinchi, secretary of the provincial party committee, stressed: Work in the minority nationality regions is an important component part of the work done by the party and government. The key to achieving success in the work lies in effecting economic growth. This is an issue of fundamental nature. [passage omitted]

In the process of making investigations, Gu Jinchi said: The most important task for present is to formulate the 10-Year Program and the Eighth Five-Year Plan for economic and social development. This is a task having direct bearing on development for the coming decade. To successfully accomplish the task, first, we must have a clear, penetrating, and real understanding of the actual conditions in Linxia. We have to make an analysis of local geographical conditions, economics, population quality, natural resources, and historical background. Only when we have made a thorough analysis can we work out correct principles for our work thereafter. Second, we must conscientiously summarize the positive and negative experiences in reform and opening up over the last 10 years. Third, we must devise political as well as economic measures. It is necessary to launch projects in compliance with market demands and pay close attention to economic returns. Economic growth should be gradually switched to dependence on continuous rise of economic returns.

Comrade Gu Jinchi emphasized: Without unity of all nationalities there would be no political stability. To strengthen the unity of all nationalities, it is necessary to strengthen the party leadership and improve the education on Marxist viewpoint on nationality.

Yin Kesheng Presides Over Oil Industry Briefing

HK0104121291 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 27 Mar 91

[Excerpts] Yesterday afternoon, Wang Tao, president of the China National Petroleum and Natural Gas Corporation, briefed Qinghai's cadres at the provincial level on the situation with respect to exploitation of petroleum and natural gas in Qaidam, Qinghai.

The meeting was held by the provincial party committee.

Yin Kesheng, secretary of the provincial party committee, presided.

(Xu Zhongqing), chief of the Qinghai Petroleum Management Bureau, first made a report on the development and proposed exploitation of the Qaidam Oil Field. [passage omitted]

Through hard struggle of oil field workers, Qinghai's annual crude oil output hits 800,000 tonnes, an increase of 400 percent over 1985.

Before arriving in Xining two days ago, Wang Tao, accompanied by Comrade Yin Kesheng, had been to the Qaidam Oil Field for an inspection in person and solved a number of problems encountered by the Qinghai Petroleum Management Bureau workers in their work.

In his report, he said: There will be more difficulties in oil production for the next 10 years, but in the meantime China's oil industry holds a greater promise. Our hope largely lies in tapping potential of time-honored oil fields. China's strategy for developing the oil industry for the next 10 years is stabilizing the eastern region and developing the western region. Qaidam Basin is one of the four basins in the western region that are rich in oil and natural gas and holds out a fairly bright future.

In his report, Wang Tao also advanced his opinions about the development of the Qaidam Basin and exploitation of oil and natural gas. [passage omitted]

He believed that Qaidam Oil Field's annual output is likely to hit one or even 1.2 million tonnes given that the working procedure is updated.

While addressing the exploitation of natural gas, Wang Tao broke good news to the audience: After consulting with the provincial party committee and government, a plan has been worked out to build another natural gas plant so the natural gas industry will become one of Qinghai's key industries.

Qinghai Authorities Arrest Vice Chairman

OW0104185291 Beijing BEIJING REVIEW in English No 11, 18-24 Mar 91 p 5

[Text] A senior provincial legislator was arrested on January 22 on corruption charges, the first major legal action taken against a leading official this year.

Han Fucai, vice-chairman of the standing committee of the people's congress of Qinghai Province, was arrested after an investigation revealed that he had accepted 35,800 yuan, U.S.\$800 and precious jewelry in bribes, the Supreme People's Procuratorate announced at a press conference in Beijing on March 6.

Deputy Procurator General Xiao Yang said that Han had been deprived of his membership in the National People's Congress and removed from the provincial people's congress standing committee. He would be brought to court and prosecuted very soon, Xiao added.

According to a 1982 amendment to China's Criminal Law, embezzlers found guilty of pocketing at least

50,000 yuan (U.S.\$9,600), and those accepting bribes of 10,000 yuan or more could face a maximum sentence of life imprisonment or even the death penalty.

Han's case came to the attention of the Supreme People's Procuratorate at the beginning of last year when local inhabitants reported that Han had taken a large amount of cash and precious jewelry when helping a local construction enterprise win a lucrative contract.

Further investigation found that the 62-year-old Han, who once served as a deputy governor of Qinghai Province, had secured 13,000 yuan in exchange for arranging for a local businessman to get an official gold-mining certificate in the metal-rich western province, and had asked for a further 4,000 yuan and U.S.\$800 from various private enterprises.

Xiao told the news conference that the central government had pledged to continue the fight against economic crimes this year, and particularly to intensify investigations into graft and bribery by government officials.

According to him, procuratorates last year investigated more than 1,200 officials, or about one out of every thousand officials above the county level, who were suspected of economic offences.

Shaanxi's Zhang Boxing on Invigorating Enterprises

HK0204075191 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 30 Mar 91

[Text] While conducting investigations and studies in Weinan Prefecture recently, provincial party Secretary Zhang Boxing pointed out: We should further emancipate our minds, unify our understanding, speed up the pace of reform, be determined to invigorate state-owned large and medium enterprises, do well socialist ideological work in rural areas, and truly implement to the letter the spirit of the 13th CPC Central Committee's Seventh Plenary Session.

On 20-29 March, accompanied by leading comrades of Weinan Prefecture, Comrade Zhang Boxing successively visited seven counties and cities, including Weinan, Huaxian, Huayin, Dali, Chengcheng, Pucheng, and others. He conducted investigations and studies in more than 20 enterprises and rural areas.

While holding discussions with some leaders of large and medium enterprises, Zhang Boxing said: At present, we should employ various methods and take various forms to truly ensure the enterprises' decision-making power provided by the Enterprise Law. We should make efforts to solve transitional problems of enterprises, and strengthen their operations and management. Our attention should be focused on improvement of product quality and acceleration of the pace of technical transformation. We should establish enterprise groups in a conditional and selective manner to expand their decision-making power in foreign trade, so that they can export more products to the international market. The

establishment of enterprise groups must be based on an overall plan, and doing things in a rush should be avoided. Regarding invigorating large and medium enterprises, we should further emancipate our minds and speed up the pace of reform. In enterprises where conditions exist, we can pursue a joint-stock system on a trial basis, or make explorations in this regard.

While talking about the present socialist ideological education work in rural areas, Comrade Zhang Boxing stressed: Ideological education in rural areas must be closely centered on economic construction, and we should emphasize education. We should help peasants increase their political consciousness through education, and arouse their enthusiasm for socialist construction. In our work, we should

prevent leftist ideas. In the meantime, we should avoid formalism or doing things superficially.

Zhang Boxing added: Whether or not peasants have increased their political consciousness should be taken as a yardstick for assessing our success in socialist ideological education in rural areas. In the meantime, our success should be assessed by whether or not the problems of the masses, which call for an urgent solution, have been properly settled. It should also be assessed by whether or not we have done well in promoting the building of rural grass-roots organizations. At the same time, we should enact and perfect a series of rules and regulations to consolidate the achievements of our socialist ideological education.

State Councillor Li Tieying Meets Taiwan Scholars*OW3103154391 Beijing XINHUA in English
1449 GMT 31 Mar 91*

[Text] Beijing, March 31 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of State Education Commission, today expressed hope for more contacts and increased understanding between the people from the education circles on the mainland and Taiwan to help promote the unification of the motherland.

Li expressed the hope in a two-hour meeting with more than 30 scholars from 9 universities and colleges in Taiwan.

They exchanged views on the mainland's basic education, education of high learning, adult education, pay and conditions of teachers and policy concerning students studying abroad.

Li said "peaceful reunification and one country, two systems" are practical measures for realizing the unification.

The Taiwan visitors, headed by Li Ching-hua, president of the board of directors of the Vision Foundation of Taiwan, arrived here March 29 and are scheduled for an academic-exchange tour of Nanjing, Shanghai and Guangzhou.

Fujian Intends To Hold Commodity Fair in Taiwan*HK0104065491 Hong Kong WEN WEI PO in Chinese
27 Mar 91 p 2*

[By WEN WEI PO news team]

[Text] Beijing, 26 Mar—You Dexin, deputy to the National People's Congress and vice governor of Fujian Province, disclosed today that Fujian had delivered a document of intention to the Taiwan side the other day, expressing its hope to hold an exhibition and sales fair for Fujian's brandname and quality products in Taiwan in 1992. This is the first such application since the unfreezing of cross-strait relations. When asked what arrangements Fujian Province would consider making for direct shipping, now that the Taiwan side has chosen Anping in southern Taiwan as a port for direct shipping to the mainland, You said that Fujian has ready-made arrangements for direct shipping and there is no need to make special preparations. You said: There are now a dozen or so provincial centers carrying out trade with Taiwan. Although the trade volumes are small, they have complete institutions for customs, commodity inspection, and so on. The crucial point now is the Taiwan side's policy. Provided that they want to be open to navigation, there is absolutely no problem on Fujian's part.

Station Commentary on Taiwan Reunification Program*OW3003114691 Beijing in Mandarin to Taiwan
1500 GMT 28 Mar 91*

[Station commentary: "Make the Country Strong and Prosperous Through Early Reunification—the Chinese People's Common Wish"]

[Text] The annual meetings of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] are being held in Beijing in a warm atmosphere. At this year's meetings, the NPC and CPPCC will examine the outlines of the 10-Year Program and the Eighth Five-Year Plan as well as reports on the program and plan. They will mobilize the people throughout the country to work together for the second-step strategic goals.

The next 10 years are very crucial. As China enters a new century, it will continue the inevitable general trend of development and progress, provided the Chinese people work in unity and with great drive to carry out reform and opening up.

Recently, a spokesman of the Taiwan authorities expressed the hope that during the session, the NPC will respond to Taiwan's overture by passing specific resolutions on relations between the two sides and on the question of reunification. By sheer coincidence, on 22 March, the same day the spokesman made this statement, Zhang Qia, deputy secretary general of the CPPCC National Committee, said in response to a question from a reporter from Taiwan's China Television Service: There are many things worth doing today. However, a pressing matter of the moment is to begin direct postal service, air and shipping services, and trade between the two sides, and to achieve two-way exchange. The deputy secretary general stressed: We must not delay doing things that are conducive to the reunification of the motherland. There is no need to artificially and rigidly set up so-called stages.

Zhang Qia's remarks can be regarded as a very specific response to Taiwan's overtures. Beijing also gave official response to the National Reunification Program adopted by the Taiwan authorities when XINHUA NEWS AGENCY on 15 March released a statement by a responsible person of the department concerned. The responsible person indicated that the document is a meaningful gesture and he appreciated the document's stand on several issues. Of course, he also criticized the unreasonable conditions set forth in the document. He made an objective, appropriate evaluation of the document, praising it as well as criticizing certain points. It is expected that during the sessions, NPC deputies and CPPCC members will further express their views and put forward suggestions.

On 25 March, in his report to the NPC, Premier Li Peng also pointed out: We invite Taiwan compatriots to take an active part in modernizing the motherland on the mainland, and we will continue to make it convenient for them for this purpose. All projects that conform to the state's industrial policy will enjoy preferential treatment as stipulated. These statements by high-ranking CPC leaders at the NPC session can be regarded as a manifestation of their positive attitude toward relations between the two sides. However, the Taiwan authorities believe that the Chinese Communist side has not made a response in goodwill to Taiwan's National Reunification

Program. What, indeed, constitutes a response in goodwill? Views have already been expressed toward the National Reunification Program, a program put forward unilaterally by Taiwan. They include a call for a direct postal service, air and shipping services, and trade, as well as two-way exchanges between the two sides as soon as possible; a call for doing whatever is conducive to the reunification of the motherland; and an invitation to Taiwan compatriots to take an active part in modernizing the motherland on the Mainland. Are these not responses in goodwill?

In the next 10 years, the world political situation will undergo great changes, and international economic competition will become even more tense. Our country's reunification has been placed on the agenda. It is a matter vital to the destiny and future of the Chinese nation. Mr. Li Moan, a student of the first class of Huangpu [Whampoa] Military Academy who recently returned to the country for permanent settlement, was elected member of the CPPCC National Committee at the current session. Speaking about relations between the two sides, he sounded rather philosophical when he said: We must be realistic in everything we do. Being content to rule a part of the country will not guarantee one's survival, and resorting to separatism will inevitably lead to destruction. The only way out for Taiwan is through peaceful reunification, and the only way out for the Kuomintang is cooperation between the Kuomintang and the CPC for the third time. Making the country strong and prosperous through early reunification is the common wish of all Chinese people. Mr. Li is a Huangpu Military Academy elite and extraordinary figure of our country. His remarks are worthy of our own soul-searching.

Cross-Strait Direct 'Three Exchanges' Urged

HK3003043391 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Mar 91 p 5

[Article by Yang Yuanhu (2799 6678 5706): "It Is Time To Have Direct Transportation, Trade, and Postal Relations"—This article is to be published in LIAOWANG OVERSEAS EDITION No 12]

[Text] On 23 February, the Taiwan authorities adopted a "Program for National Unification." According to Taiwan newspapers, the program will serve as the "highest guiding principle" for the Taiwan authorities' policy toward the mainland. Quite a few of the "Program's" contents need comment. Here I would like to discuss my views on the section relating to the direct mail, air and shipping services, and trade between the two sides of the strait with the "Program's" authors.

Progress Worth Welcoming

The "Program's" process section divides the unification process into three stages: short-, intermediate-, and long-term. On the issue of direct "three exchanges" [of mail, air and shipping services, and trade] between both sides of the strait, Article 2 of the "Intermediate Stage—Mutual Trust and Cooperation" [subsection] stipulates:

"Open direct post, transportation, and trade between the two sides of the strait, jointly exploit the mainland's southeastern coastal areas, and gradually move to the other areas with the exploitation program in order to narrow the gap between the two sides' living standards."

That the "Program," which serves as the "highest guiding principle" for the policy toward the mainland, embraces cross-strait direct "three exchanges" is undoubtedly a progressive move compared with the Taiwan authorities' previous insistence in their peace-rejecting position and their rejection of the mainland's proposal for having direct mail, air and shipping services, and trade, using the "three nos" policy. People have expected a response from the Taiwan authorities to the mainland's "three exchanges" proposal for over 10 years. Spurred by the tide of historical development, the Taiwan authorities have finally responded, which is really worth welcoming. However, it must be pointed out: Such a response still lags behind the various exchanges between both sides of the strait, which are gaining momentum, and does not tally with the ever increasing demand of the common people on both sides of the strait for an early realization of the direct "three exchanges."

The "Three Exchanges" Conform to the Historical Trend of the Times

People still remember: On New Year's Day 1979, the National People's Congress Standing Committee issued a "Message to the Compatriots in Taiwan." In the important message, the mainland side expressed its sincere wish for peaceful reunification of the motherland and suggested: "Both sides open direct air and shipping as well as postal services as soon as possible to benefit direct contacts, mutual communication, family and friend visits, travel and sightseeing, and academic, cultural, sports, and craft discussions and emulations among compatriots on both sides of the strait." "It is entirely necessary for both sides of the strait to develop trade, with each supplying what the other needs and conduct economic exchanges." The message emphatically pointed out: "This is a mutual need and will be helpful but not harmful to any side."

The people are the motive force of history. The development progress of cross-strait relations over the last 10 years or so has proved that any principles, policies, and measures that are in keeping with the people's wishes and interests are all of great vitality. Although they may encounter all kinds of obstacles, ultimately they will become a substantial material force and help open a new chapter of the annals of past events. People have gratefully seen that during the 10-odd years following the publication of the "Message to the Compatriots in Taiwan," the mainland-initiated principle of peaceful reunification of the motherland has won the endorsement of people from all walks of life at home and abroad. Thanks to the mainland's unremitting efforts and the vigorous promotion from the general public on the island, the Taiwan authorities, out of concern for their

own interests, had to take some flexible measures and consequently, the proposal for cross-strait direct "three exchanges" has gradually developed into an irreversible reality in the relations between the two sides of the strait, thus bringing about spiritual and material benefits to the common people on both sides of the strait after 40-odd years of separation and accelerating the process of peaceful reunification of the motherland.

In postal communications, according to incomplete statistics, more than 21 million letters were exchanged across the strait in 1990. About 4.7 million telephone calls were made from the mainland to Taiwan, and over 42,000 telegraph messages were sent to Taiwan.

In trade exchanges in 1990, the indirect trade between the two sides of the strait amounted to \$4 billion or so. The volume of investment by Taiwanese businessmen in the mainland was \$2 billion (as agreed by both sides). The mainland has become Taiwan's fourth largest trading partner, and Taiwan has become the mainland's fifth largest trading partner.

The Taiwan authorities strictly ban direct air and shipping services and stipulate that exchanges of aircraft flights from either side of the strait should be conducted through a third place. The volume of cargo handled through indirect air and shipping services has reached several million metric tons.

The development of personnel exchanges and exchanges in various fields of endeavor is all the more eye-catching. Since Taiwan lifted restrictions on Taiwan compatriots visiting relatives on the mainland, the number of Taiwan compatriots coming to the mainland for family visits and travel purposes has amounted to 2 million person-journeys [ren ci 0086 2945]; some of Taiwan's "legislators," "National Assembly members," Kuomintang Standing Committee members, and industrialist and business tycoons visited the mainland in batches, overtly and covertly; some 700 Taiwanese journalists have come to the mainland for news coverage; and the number of mainland people allowed to go to Taiwan to visit relatives and attend family funerals has amounted to 8,000. People-to-people exchanges involving more than a hundred projects in such areas as literature, sports, movies and television, education, publication, health, science and technology, academics, agriculture, taxation, accounting, packaging, and advertising have been conducted in an overall manner.

Turn the Half-Overt and Half-Covert "Three Exchanges" Into Direct "Three Exchanges"

Although gratifying advances have been made in the relations between the two sides of the strait, there is still a lot to be desired in this regard. Due to the various restrictions imposed by the Taiwan authorities, the current "three exchanges" remain nongovernmental, one-way, and indirect. It is earnestly hoped that cross-strait relations will further develop and the current half-overt, half-covert "three exchanges" will be turned into direct, overt, and legal "three exchanges" at an early date.

The "three exchanges" have a bearing on the immediate interests of numerous households on both sides of the strait. There is no denying the fact that the development from the stage of complete separation into half-overt and half-covert indirect "three exchanges" is a big progressive move in the development of cross-strait relations. Nevertheless, that the current situation has made things inconvenient in many aspects for the contacts of people on both sides of the strait is self-evident. Especially, the Taiwan compatriots who have gone to the mainland for family visits, travel, fact-finding missions, and business discussions have felt this distinctly. They doubt that the man-made barriers are really for "the happiness and interests of the 20 million people in Taiwan."

According to material released by departments concerned, in indirect communications alone, both sides of the strait had to pay \$12 million or more in transfer fees to the third place. This has not only added economic burdens to the two sides of the strait but also hampered the effectiveness and quality of communications.

In air and shipping services, a direct flight from Taipei to Shanghai takes just 40 minutes, but such a flight via a third place takes seven to eight hours. The waste of time, the fatigue on a journey, and the increase in spending have hindered the contacts and exchanges between both sides of the strait.

The current indirect trade has restricted economies on both sides of the strait from better making up each other's deficiencies and cooperating with each other. Particularly the export-oriented Taiwan economy has lost the opportunity to reap benefits in the neighborhood.

How Can "Three Exchanges" Be Used as a Political Bargaining Counter?

Since the announcement of the "Program," in commenting on the inclusion of direct "three exchanges" into Article 2 of the Intermediate Stage—Mutual Trust and Cooperation [subsection], an overseas newspaper stated: Using the postponement of the opening of direct mail, air and shipping services, and trade as a bargaining counter, the Taiwan authorities demanded Beijing make some concessions, such as endorsing the setting up of a reciprocal official channel of communication.

A person from the Taiwan authorities freely confessed: "For both sides of the strait to open direct 'three exchanges,' it is necessary not to negate either side of the strait as a political entity on a mutually beneficial basis. Only when the mainland reforms its economy, pursues democratic politics, renounces its state of hostility with us, and we respect each other in the international community can we enter the intermediate stage of mutual trust and cooperation and open direct mail, air and shipping services, and trade."

Another person from the Taiwan authorities claimed: "When it comes to opening direct 'three exchanges,'

"apart from considering economic costs, it is still necessary to take social, political, and international costs into account."

These statements reflect in a fairly concentrated way the Taiwan authorities' contradictory mentality on the "three exchanges" issue: Spurred by the tide of historical development, the Taiwan authorities had to have the direct "three exchanges" incorporated into the "Unification Program" but at the same time, disregarding the realities in the development of cross-strait relations, the political realities in the present-day world, and the interests of the 20 million compatriots in Taiwan, they knowingly put forth preconditions unacceptable to the mainland using the "three exchanges" as a bargaining counter in political deals with the mainland. This means, in fact, continuing to thwart the realization of direct "three exchanges."

On the issue of "three exchanges," the mainland side has always been open and aboveboard as well as broad-minded. In the 10-odd years since the "Message to Compatriots in Taiwan," which was published on New Year's Day 1979, forwarded a proposal for exchanges of mail, air and shipping services, and trade, in making unrelenting efforts to promote the "three exchanges," the mainland side has always had the fundamental interests of the entire Chinese people, including the 20 million compatriots in Taiwan, and the early realization of the motherland's peaceful reunification in mind, thus winning the support of the common people on both sides of the strait. The facts have proved that the mainland-initiated principle of peaceful reunification of the motherland has stood the test of time, thus opening up good prospects for national reunification.

At present, the relations between the two sides of the strait are in a crucial stage. All people who are concerned about China's reunification should treasure the results which have not come easily, remove barriers, and accelerate the process of the motherland's reunification. It is time to have direct mail, air and shipping services, and trade. It is hoped that the Taiwan authorities will think twice.

Economics Important in Relationship Across Strait

HK2603152791 Beijing ZHONGGUO XINWEN SHE
in Chinese 0938 GMT 18 Mar 91

[Commentary by ZHONGGUO XINWEN SHE reporter Wang Jie (3769 2212): "Economic and Trade Contacts Will Play an Important Role in the Relationship Across the Strait"—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 18 Mar (ZHONGGUO XINWEN SHE)—Since the mainland adopted the open policy, the deadlock in economic and trade activities across the strait has broken and they are now becoming increasingly active. With Taiwan's "Mainland policy" becoming flexible, there appears to be rapid development. The Taiwan authorities will shortly terminate "the period of communist rebellion." Experts estimate that

the future situation will even make new advances the cross-strait economy and trade.

Now economic and trade activities across the strait have undergone great developments and changes in terms of structure, level, width, and depth. The characteristics of such changes can be summarized in six aspects of being wide, deep, high, big, long and comprehensive.

"Wide" means that the regions where Taiwan businessmen are engaged in economic and trade activities and investments on the mainland have become wider and wider. They have broken through the limits of coastal areas and special economic zones, extending from east to west, from south to north, from the coastal areas to the hinterland and involving more than 10 provinces and municipalities.

"Deep" means that the cooperation and contact between the two sides are developing in depth, extending from the "three forms of import processing and one compensation trade" to deep-going cooperation.

"High" means that cooperation at the technical and personnel contact level has been upgraded. A phenomenon has emerged that investments in the mainland by Taiwan businessmen have developed from labor-intensive types to science and high technology. Personnel contacts have been raised from individuals and private businesses to large semi-official organizations.

"Big" means that the investment amount and the enterprise scope are big. The investment amount has increased to over a billion or even several billion U.S. dollars; the scope of investment has been enlarged from scattered lots to stretch upon stretch of opened-up land.

"Long" means that the terms of investment have been prolonged from small enterprises "eager for quick success and instant benefit" to basic industries with terms as long as several decades and long potentials to tap.

"Comprehensive" means that signs of comprehensive development have appeared in various fields of enterprises. According to reports, Taiwan capital has involved industry, agriculture, fishery, mining, energy, traffic, wharf, airport, post and telecommunication, machinery, electronic and electric appliances, medicine, and other fields. In individual areas, there are hi-tech cooperative projects such as satellite receiving technology and the like.

Besides, one point worth mentioning is that branches of the "Association of Taiwan Business Enterprises" have been established in Beijing, Xiamen, and other places. These are organizations voluntarily set up by Taiwan entrepreneurs in order to safeguard their legitimate rights and interests, train enterprise personnel, strengthen ties among enterprises, sponsor exchanges of commodity using Taiwan capital, and so on.

As the foregoing states, it is thus evident that the economic and trade exchanges across the strait are expanding in width and growing in depth with each passing day, which make the relationship across the

strait beneficial and supplementary to both sides and inseparable, tending to be mutually embracing.

Intimate economic interests will certainly promote the development of political relations. In improving the relationship across the strait, both sides agree that they should start from "concrete and easy affairs," and economic and trade exchange is one of them. Coupled with

the stable and improved political, economic, and investment environment on the mainland, as well as increasingly improved investment regulations, there will be a greater appeal to Taiwan capital. Although the Taiwan authorities have not yet lifted the "three exchanges", still it is expected that an upsurge of "economic and trade fever" across the strait will start again. Such a fever that arises repeatedly with one wave higher than another will inevitably play an important role in the relationship across the strait.

Premier: Military Spending Cut in 1992 Budget

*OW2903142491 Taipei International Service
in English 0200 GMT 28 Mar 91*

[Text] Premier Hao Po-tsun on Wednesday reported to the Legislative Yuan on the government budget for fiscal 1992. Hao said that in the budget, expenditures for the Six-Year National Development Plan will take precedence.

As to the defense budget, which historically has been the largest portion of the budget, Hao said that expenditures for the military will be appropriately reduced, but in no way which could jeopardize the safety of the island. However, money appropriated to defense will still account for the biggest portion of the budget in fiscal 1992, with funds for economic development ranking second and education, science, and culture third.

Expenditures for education, science, and culture will significantly rise from this year but with most of the newly appropriated money going to subsidize the provincial government and its education programs and schools.

Social security appropriations rank fifth in the budget with a good deal of money going toward subsidies for farmers' insurance and handicap benefits.

Paper Urges Government To Avoid Unification Talks

*OW2903150391 Taipei CHINA POST in English
27 Mar 91 p 4*

[Editorial: "Li Peng's Remarks on Taiwan"]

[Text] Taipei should make a formal response to the statement Chinese Communist Premier Li Peng made in Peking on Monday on the relations between the mainland and Taiwan.

Li, in a report delivered at the opening of the National People's Congress' annual session, criticized that Taipei has yet to give up its stance of "one country, two governments" and that, on the international front, it is still following a "flexible policy."

At the same time, Li persisted that Peking will resolutely promote the unification of the two sides under the Communist Chinese-set principle of "one country, two systems."

Li, however, welcomed the statements Taipei made recently on unification and its plans to take certain measures so as to improve relations between the two sides.

Li reiterated that the Chinese Communist Party and the ruling Kuomintang should quickly open talks. He said such talks could start with either unification issues or matters regarding bilateral exchanges, including those which Taipei is particularly concerned with.

The Chinese Communist leader's remarks can be summarized in two major points. One is reiteration of Peking's long-established Taiwan policy. That is, the mainland and Taiwan can only have one central government and that is

the communist regime in Peking. Being a local government, Taipei need not and should not continue promoting diplomatic relations.

Besides, Taiwan must be unified with the mainland under Peking's formula of "one country, two systems," a model which Peking has adopted for dealing with Hong Kong after the city reverts from Britain to Chinese Communist rule in 1997.

The other major point is Li's welcoming Taipei's recently made efforts at addressing relations with the mainland. Li apparently referred to Taipei's newly adopted "National Unification Guidelines," which call for unification with the mainland through a three-stage process.

From Li's comments, however, Peking only welcomed Taipei's seeking to unify with the mainland. It does not consent to Taipei's calls, as contained in the guidelines, for both sides to recognize each other as a political entity, and for the mainland to cease interfering in Taiwan's efforts to build diplomatic ties with other nations.

Still, Taipei could respond positively to Li's proposal for opening talks. But they must be held to addressing only non-political matters arising from bilateral economic and other civil exchanges.

Talks on unification must be avoided, for seeking unification at this point is not realistic. First, the political differences as mentioned above are too wide and too complicated for the two sides to find solutions at this time. Second, the wide gap between the living standards and political and social systems of Taiwan and the mainland make unification of the two sides simply not feasible.

When talks are held, Taiwan should be represented by the recently established semi-official Straits Exchange Foundation. This will help avoid the problem of entering into party-to-party negotiations with the Chinese communists as required by Peking.

Ministry Protests to Argentina Over Shooting

*OW2903142091 Taipei International Service
in English 0200 GMT 28 Mar 91*

[Text] The Foreign Affairs Ministry has sent a letter of protest to Argentina over the shooting of an ROC [Republic of China] fisherman and harassment of an ROC fishing boat by the Argentinian Coast Guard off its coast.

Besides requesting that Argentina handle the situation fairly and appropriately punish the person who fired the shots, the ROC also hopes that judicial authorities in Argentina will rule that the Coast Guard should pay the ROC fishing boat reparations.

Local diplomatic officials here said on Wednesday that waters off the coast of Argentina are good areas for catching squid, and that many ROC fishing boats are in the region conducting such fishing.

In the past, the ROC has sought a fishing agreement with Argentina, but officials in the South American nation have been unwilling to sign one.

Hong Kong

Chinese Measures To Reassure Hong Kong Police

HK0104033891 Hong Kong MING PAO in Chinese
1 Apr 91 p 2

[Text] The State Council's Hong Kong and Macao Affairs Office is formulating a series of specific measures to ensure the confidence of Hong Kong people, especially the civil servants. One of the measures is to guarantee that no accounts will be settled after 1997 against the policemen and police special branch personnel who suppressed the 1967 riot.

In an interview, Zhou Nan, director of the Hong Kong branch of the XINHUA NEWS AGENCY, confirmed that there would be absolutely no accounts settled against these people. He also urged them to set their minds at ease and continue working. He said: The Chinese side hopes that, if possible, the greatest majority of civil servants, if not all, will continue at their posts after 1997.

A senior Chinese official said: Recently, some police personnel were worried that the policemen and special branch personnel who suppressed the 1967 riot would be dealt with by the special economic regional government after 1997. These worries have also affected the work of many people.

To stabilize the police force's morale in the transition period, the State Council's Hong Kong and Macao Affairs Office has worked out a series of measures, one of which decides not to investigate and fix the responsibilities of the policemen who only carried out the Hong Kong Government's administrative order to suppress the rioters.

The Chinese Government holds that the 1967 riot was an erroneous action in itself. The cause of the riot was that, during the Great Cultural Revolution in 1966, the gang of four pursued an ultra-leftist line, saying that China would take back ahead of time Hong Kong, which was ceded to Britain as a colony under unequal treaties. This caused many leftists in Hong Kong to riot against the Hong Kong British Government and call for an end to British colonial rule. The police authorities suppressed the riot with force.

In view of the serious situation at that time, the late Premier Zhou Enlai later signed an order to stop the riot, thus ensuring that Hong Kong society gradually returned to tranquillity.

Drafters Discuss Efforts To Promote Basic Law

OW0104122491 Beijing XINHUA in English
1107 GMT 1 Apr 91

[Text] Hong Kong, April 1 (XINHUA)—Several former drafters of the Basic Law of the Hong Kong Special

Administrative Region have expressed their hope for further efforts to make the basic law known to every house in Hong Kong.

These include Li Fook-sean, Tam Yiu Chung, Dr. Raymond W.Y. Wu, and Peter M.K. Wong who all spoke highly of the Basic Law in separate interviews with local Chinese newspapers "TA KUNG PAO" and "WEN WEI PO" on the occasion of approaching first anniversary of the approval of the Basic Law by the National People's Congress of China.

Judge Li Fook-sean said that if you read the Basic Law carefully, you can find that the major part of it represents promises the Chinese Government has given to the Hong Kong people.

This means firstly the return of Hong Kong's sovereignty to China is an inevitable development of history; secondly, it shows that proceeding from a historical and realistic viewpoint, China has created a concept of "one country, two systems" to tackle the problem, Li added.

He said the Basic Law will be a legal guarantee for the full implementation of this policy.

Li criticized some people in Hong Kong for attempting to enact a separate act of human rights, despite the fact that the Basic Law gives sufficient guarantee for human rights in the Special Administrative Region to an extent exceeding all existing laws and regulations in the territory.

That proposed separate act will not be valid after 1997 if it runs counter to the Basic Law, he stressed.

Tam Yiu Chung, vice-chairman of the Hong Kong Federation of Trade Unions, said the Basic Law is of vital importance to everyone in Hong Kong. So it is imperative to popularize it among the people during the transitional period from now to 1997.

He said his federation has prepared a video tape on the Basic Law to popularize the provisions of the law among families, in schools and communities.

Both the Chinese and British Governments should be responsible for the popularization work. Especially the Hong Kong Government should regard it as part of its education job, he urged.

Dr. Raymond W.Y. Wu, another former Basic Law drafter, said the successful implementation of the Basic Law needs the coordinated functioning of an appropriate "climate", a suitable "soil" and enthusiastic "farmers".

The "climate" means a sound economic, political and social environment in China and its influence on the international arena as well.

Now the "climate" on the Chinese mainland is becoming more favorable to the implementation of the concept of "one country, two systems".

The "soil" refers to the Hong Kong people's correct understanding of this policy because it will be "grown" on the soil of Hong Kong.

He urged the Hong Kong people, who he considered as the "farmers", to do more cultivation so as to improve the "soil" during the transitional period.

Peter M.K. Wong, who is also vice-president of the Chinese General Chamber of Commerce, noted that in the past year the investment environment in Hong Kong has taken a turn for the better due to the mainland's stable political and economic situation on the one hand, and the enactment of the Basic Law on the other.

He suggested a new organization should be set up to study the provisions of the Basic Law and play a coordinating role between the governments of China and Britain since the Drafting Committee for the Basic Law has been dissolved.

Chinese Police Stray Into Hong Kong Waters

HK3103032891 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 31 Mar 91 p 1

[By Mariana Wan]

[Text] Chinese police pursuing a group of mainland smugglers chased them into Hong Kong waters before arresting them on Crown land last week, according to a senior police source.

The incident, which happened overnight on Monday, is believed to be the first major incursion by a Chinese patrol boat since last year's smuggling case in Castle Peak.

Two Hong Kong policemen were abducted by Chinese security officials allegedly in Hong Kong waters in last year's car smuggling incident, which resulted in a fierce war of words between Hong Kong and China.

Although incursions by Chinese security vessels are not rare, the latest case—which is believed to have involved firing of guns in Hong Kong waters and a landing by Chinese public security officials on local territory—was described yesterday as "unprecedented" by the source.

Under international law, all foreign craft—including Chinese security vessels—have the right of passage through Hong Kong waters, but have no authority to stop or land.

In last week's incident, a Public Security Bureau (PSB) squad was believed to have been pursuing suspected mainland smugglers in Chinese waters when the suspects crossed into Hong Kong waters.

A number of shots fired by the PSB officers struck the craft as it raced towards Hong Kong, and the suspected smugglers—in a five engined vessel—veered towards Gau Tau at top speed.

The senior police official said the craft ran aground before being abandoned by the smugglers, but a Marine Police source suggested the smugglers abandoned ship before it was beached and were either picked up out of the sea or swam ashore. The police source said the PSB officers landed on Gau Tau and arrested the men before abandoning the smugglers' vessel and heading back to China.

Hong Kong officials, when contacted yesterday, first said they would not comment on "operational matters" and later denied the incident. But it is believed the infringement was indirectly admitted by Chinese authorities to the Hong Kong Government about two days after the incident.

The senior Marine Police source described Gau Tau island, just off the Sai Kung East Country Park, as a "barnacle-encrusted rocky outcrop".

He said it was unlikely the men could have swum back to Chinese waters had they eluded the PSB officers as the strong current would have swept them ashore.

The speedboat driven by the suspected smugglers before they were arrested was found abandoned on the island early on Tuesday.

Police confirmed the speedboat—carrying a new light van that had not been stolen—was severely damaged and a row of seven holes on the starboard side was caused by bullets.

The source said the Hong Kong authorities appreciated most incidents of this kind were not international, but more the result of over-enthusiastic tactics by mainland vessels.

Marine police frequently report contact with PSB and military craft in Hong Kong water—especially at night—but generally have a good rapport with Chinese naval authorities.

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